

TORTOISE CAPITAL RESOURCES CORP

Form 10-K

February 16, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended November 30, 2009
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

COMMISSION FILE NUMBER: 001-33292

TORTOISE CAPITAL RESOURCES CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland	20-3431375
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
11550 Ash Street, Suite 300	
Leawood, Kansas	66211
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (913) 981-1020

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value	New York Stock Exchange
\$0.001 per share	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of the registrant on May 29, 2009 based on the closing price on that date of \$4.44 on the New York Stock Exchange was \$39,625,904. Common shares held by each executive officer and director and by each person who owns 10% or more of the outstanding common shares (as determined by information provided to the registrant) have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of January 31, 2010, the registrant had 9,078,090 common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for its 2010 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

TORTOISE CAPITAL RESOURCES CORPORATION

FORM 10-K

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2009

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PART I

ITEM 1. BUSINESS

General

We were organized as a Maryland corporation on September 8, 2005, commenced operations on December 8, 2005, and are a non-diversified closed-end management investment company focused on the U.S. energy infrastructure sector. We are regulated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Our common shares began trading on the New York Stock Exchange (“NYSE”) under the symbol “TTO” on February 2, 2007. We invest primarily in privately-held and micro-cap public companies operating in the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We also invest in producers and processors of coal and aggregates. We seek to invest in companies in the energy infrastructure sector that generally produce stable cash flows as a result of their fee-based revenues and proactive hedging programs which help to limit direct commodity price risk.

Companies in the midstream segment of the energy infrastructure sector engage in the business of transporting, processing or storing natural gas, natural gas liquids, crude oil, refined petroleum products and renewable energy resources. Companies in the downstream segment of the energy infrastructure sector engage in distributing or marketing such commodities, and companies in the upstream segment of the energy infrastructure sector engage in exploring, developing, managing or producing such commodities. The energy infrastructure sector also includes producers and processors of coal and aggregates, two business segments that also are eligible for master limited partnership (“MLP”) status.

Unlike most investment companies, we have not elected, and do not intend to elect, to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). Therefore, we are, and intend to continue to be, obligated to pay federal and applicable state corporate income taxes on our taxable income.

Our Adviser

We are externally managed by Tortoise Capital Advisors, L.L.C. (our “Adviser”), a registered investment adviser specializing in the energy sector that had approximately \$3.0 billion of assets under management as of January 31, 2010, including the assets of four other publicly traded closed-end management investment companies, one privately-held closed-end management investment company and separate accounts for institutions and high net worth individuals. Our Adviser’s aggregate managed capital is among the largest of investment advisers managing closed-end management investment companies focused on the energy sector.

Our Adviser currently has six investment professionals who are primarily responsible for the origination, structuring and managing of our investments:

- Jeffrey Fulmer — Prior to joining our Adviser in September 2007, Mr. Fulmer was with the U.S. Department of Defense since 2002, where he headed a group of oil, gas, electric power, communications, transportation, chemical, and water infrastructure analysts engaged globally in critical infrastructure analysis, assessment, and protection. From 2000 to 2002, Mr. Fulmer served as President of Redland Energy, a natural gas property acquisition and exploitation company. From 1989 to 2000, Mr. Fulmer served as Senior Vice President and in other management capacities for Statoil Energy and its predecessor, responsible for exploration, development and land acquisition. Prior to joining Statoil Energy, Mr. Fulmer served six years in engineering and geological positions for ARCO Oil and Gas and Tenneco Oil Exploration and Production, working oil and gas field evaluation and exploitation projects.
- David Henriksen — Prior to joining our Adviser in August 2007, Mr. Henriksen held various positions with Great Plains Energy, an energy holding company, since 2001 where he most recently served as Vice President, Strategy and Investor Relations. His prior experience includes merger and acquisition advisory services, as well as corporate finance and corporate development positions with Koch Industries, a holder of a diverse group of companies engaged in trading, operations and investment worldwide, and CGF Industries, a multi-industry leveraged buyout and operating holding company.
- Lisa Marquard — Prior to joining our Adviser in June 2007, Ms. Marquard was with Stifel, Nicolaus & Company, Incorporated (“Stifel Nicolaus”) since 2002, where she worked in the Financial Institution Investment Banking Group. Her prior experience includes executing public and private capital offerings, merger and acquisition advisory services, as well as general advisory services including valuations, strategic alternatives and shareholder reduction transactions.
- Terry Matlack — Mr. Matlack has been a Managing Director of our Adviser since 2002 and also serves as our Chief Financial Officer. Mr. Matlack is also the Chief Financial Officer of Tortoise Energy Infrastructure Corporation (“TYG”) and Tortoise Energy Capital

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Corporation (“TTY”), Tortoise North American Energy Corporation (“TYN”), Tortoise Power ~~Energy~~ Infrastructure Fund, Inc. (“TPZ”), and the privately held closed-end investment company managed by our Adviser. From 2001 to 2002, Mr. Matlack was a full-time Managing Director at Kansas City Equity Partners, L.C. (“KCEP”). Prior to joining KCEP, Mr. Matlack was President of GreenStreet Capital and its affiliates, which invested primarily in the telecommunications service industry. Prior to 1995, he was Executive Vice President and a member of the Board of Directors of W. K. Communications, Inc., a cable television acquisition company, and Chief Operating Officer of W. K. Cellular, a rural cellular service area operator.

- Edward Russell — Mr. Russell serves as our President. Prior to joining our Adviser in March 2006, Mr. Russell was at Stifel Nicolaus since 1999, where he headed the Energy and Power Group as a Managing Director from 2003 to March 2006, and served as Vice President-Investment Banking before that. While a Managing Director at Stifel Nicolaus, Mr. Russell was responsible for all of the energy and power transactions, including all of the debt and equity transactions for TYG, TYY and TYN and our first private placement transaction. Prior to joining Stifel Nicolaus, Mr. Russell worked for more than 15 years as an investment banker at Pauli & Company, Inc. and Arch Capital LLC and as a commercial banker with Magna Group and South Side National Bank.
- David J. Schulte — Mr. Schulte has been a Managing Director of our Adviser since 2002 and also serves as our Chief Executive Officer. In addition, Mr. Schulte serves as Chief Executive Officer and President of TYG, TYY and TPZ, Chief Executive Officer of TYN and President of the privately held closed-end investment company managed by our Adviser. From 1993 to 2002, Mr. Schulte was a full-time Managing Director at KCEP. While a partner at KCEP, Mr. Schulte led private financings for two growth MLPs in the energy infrastructure sector, Inergy, L.P., where he served as a director, and MarkWest Energy Partners, L.P., where he was a board observer. Prior to joining KCEP, Mr. Schulte had over five years of experience completing acquisition and public equity financings as an investment banker at the predecessor of Oppenheimer & Co., Inc.

Our Adviser has retained Kenmont Investments Management, L.P. (“Kenmont”) as a sub-adviser. Kenmont is a Houston, Texas based registered investment adviser with experience investing in privately-held and public companies in the U.S. energy and power sectors. Kenmont provides additional contacts to us and enhances our number and range of potential investment opportunities. The principals of Kenmont have collectively created and managed private equity portfolios in excess of \$1.5 billion and collectively have over 50 years of experience working for investment banks, accounting firms, operating companies and money management firms. Our Adviser compensates Kenmont for the services it provides to us. Our Adviser also indemnifies and holds us harmless from any obligation to pay or reimburse Kenmont for any fees or expenses incurred by Kenmont in providing such services to us. Entities managed by Kenmont own approximately 4.9 percent of our outstanding common shares and warrants to purchase an additional 281,666 of our common shares.

Staffing

We do not currently have or expect to have any employees. Services necessary for our business are provided by individuals who are employees of our Adviser, pursuant to the terms of the Investment Advisory Agreement and the Administration Agreement. Our Adviser currently has 32 employees. Our executive officers and our six investment professionals are employees of our Adviser.

License Agreement

Pursuant to the Investment Advisory Agreement, our Adviser has consented to our use on a non-exclusive, royalty-free basis, of “Tortoise” in our name. We will have the right to use the “Tortoise” name so long as our Adviser or one of its approved affiliates remains our investment adviser. Other than with respect to this limited right, we will have no legal right to the “Tortoise” name. This right will remain in effect for so long as the Investment Advisory Agreement with our Adviser is in effect and will automatically terminate if the Investment Advisory Agreement were to terminate for any reason, including upon its assignment.

Our Investments

We pursue our investment objective by investing principally in a portfolio of privately-held and micro-cap public companies in the U.S. energy infrastructure sector. The energy infrastructure sector can be broadly categorized as follows:

- Midstream — the gathering, processing, storing and transmission of energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical, industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas facilities and other energy infrastructure companies.
- Downstream — the refining of energy sources, and the marketing and distribution of such refined products, such as customer-ready natural gas, natural gas liquids, propane and gasoline, to end-user customers, and customers engaged in the generation, transmission and distribution of power and electricity.

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- Upstream — the exploitation and extraction of energy resources, including natural gas and crude oil from onshore and offshore geological reservoirs as well as from renewable sources, including agricultural, thermal, solar, wind and biomass.
- Other — includes production and processing of coal and aggregates.

We focus our investments in the midstream and downstream segments, and to a lesser extent the upstream segment, of the U.S. energy infrastructure sector. We also invest in producers and processors of coal and aggregates. We also intend to allocate our investments among asset types and geographic regions within the U.S. energy infrastructure sector.

Targeted Investment Characteristics

Generally our targeted investments will have the following characteristics:

- **Long-Life Assets with Stable Cash Flows and Limited Commodity Price Sensitivity.** Most of our investments will be made in companies with assets having the potential to generate stable cash flows over long periods of time. We intend to invest a portion of our assets in companies that own and operate assets with long useful lives and that generate cash flows by providing critical services primarily to the producers or end-users of energy. We attempt to limit the direct exposure to energy commodity price risk in our portfolio. We target companies that have a majority of their cash flows generated by contractual obligations.
- **Experienced Management Teams with Energy Infrastructure Focus.** We target investments in companies with management teams that have a track record of success and that often have substantial knowledge and focus in particular segments of the energy infrastructure sector or with certain types of assets. We believe that our management team's extensive experience and network of business relationships in the energy infrastructure sector will enable us to identify and attract portfolio company management teams that meet these criteria.
- **Fixed Asset-Intensive Investments.** Most of our investments will be made in companies with a relatively significant base of fixed assets. Compared to companies with lower relative fixed asset levels, fixed asset intensive companies often are characterized by economies of scale and barriers to entry.
- **Limited Technological Risk.** We generally do not target investment opportunities involving the application of new technologies or significant geological, drilling or development risk.
- **Exit Opportunities.** We focus our investments on prospective portfolio companies that we believe will generate a steady stream of cash flow to generate returns on our investments as well as allow such companies to reinvest in their respective businesses. We expect that such internally generated cash flow will lead to distributions or the repayment of the principal of our investments in portfolio companies and will be a key means by which we monetize our investments over time. In addition, we seek to invest in companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay, or provide liquidity for, our investments through an initial public offering of common stock or other capital markets transactions. We believe our Adviser's investment experience will help us identify such companies.

Investment Structure and Types of Investments

Once our Adviser's investment committee has determined that a prospective portfolio company is suitable for investment, for those transactions in which we buy securities in a private transaction, we work with the management of that company, its advisers, and its other capital providers, including other senior and junior debt and equity capital providers, if any, to structure an investment. As a BDC, we are subject to numerous regulations and restrictions. We may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, or "qualifying assets," unless at the time the acquisition is made qualifying assets represent at least 70 percent of our total assets. We may invest up to 30 percent of our total assets in assets that are non-qualifying assets in, among other things, high yield bonds, bridge loans, distressed debt, commercial loans, private equity and securities of public companies or secondary market purchases of securities of target portfolio companies.

The types of securities in which we may invest include, but are not limited to, the following:

Equity Investments

Our equity investments will likely consist of common or preferred equity (generally limited partner interests, including interests in MLPs, and limited liability company interests) that are expected to pay distributions on a current basis. Preferred equity generally has a preference over common equity as to distributions during operations and upon liquidation. In general, we expect that our equity investments will not be control-oriented investments and we may acquire equity securities as part of a group of private equity investors in which we are not the lead investor. In some cases, we also may obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

In addition to limited partner interests and limited liability company interests, we may also purchase, among others, general partner interests, common and preferred stock, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited partnerships or limited liability companies. We may also invest in the securities of entities formed as joint ventures with companies in the energy infrastructure sector to spin off assets deemed to be better suited for ownership through a separate entity or to construct greenfield projects.

Debt Investments

Our debt investments may be secured or unsecured. In general, our debt investments will not be control-oriented investments and we may acquire debt securities as a part of a group of investors in which we are not the lead investor. We may structure our debt investments as mezzanine loans. Mezzanine loans typically are not secured by assets of the company, and usually rank subordinate in priority of payment to senior debt, such as senior bank debt, but senior to common and preferred equity, in a borrower's capital structure. We may invest in a range of debt investments generally having a term of five to ten years and bearing interest at either a fixed or floating rate. These loans may have interest-only payments in the early years, with amortization of principal deferred to the later years of the term of the loan.

In addition to bearing fixed or variable rates of interest, mezzanine loans also may provide an opportunity to participate in the capital appreciation of a borrower through an equity interest. We expect this equity interest will typically be in the form of a warrant. Due to the relatively higher risk profile and often less restrictive covenants, as compared to senior loans, mezzanine loans generally earn a higher return than senior loans. The warrants associated with mezzanine loans are typically detachable, which allows lenders to receive repayment of principal while retaining their equity interest in the borrower. In some cases, we anticipate that mezzanine loans may be collateralized by a subordinated lien on some or all of the assets of the borrower.

In some cases, our debt investments may provide for a portion of the interest payable to be payment-in-kind interest. To the extent interest is payment-in-kind, it will likely be payable through the increase of the principal amount of the loan by the amount of interest due on the then-outstanding aggregate principal amount of such loan.

We tailor the terms of our debt investments to the facts and circumstances of the transaction and the prospective portfolio company, creating a structure that aims to protect our rights and manage risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a position senior to common and preferred equity in the capital structure of our portfolio companies, we will seek, where appropriate, to limit the downside potential of our debt investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that compensates us for our credit risk;
- incorporating “put” rights and “call” protection into the investment structure; and
- structuring covenants in connection with our investments that afford portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

Warrants

Our investments may include warrants or options to establish or increase an equity interest in the portfolio company. Warrants we receive in connection with an investment may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In certain cases, we also may obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

Market Opportunity

We believe the environment for investing in privately-held and micro-cap public companies in the energy infrastructure sector has the potential to be attractive for the following reasons:

- **Increased Demand Among Small and Middle Market Private Companies for Capital.** We believe many private and micro-cap public companies have faced increased difficulty accessing the capital markets due to a continuing preference by investors for issuances in larger companies with more liquid securities. Such difficulties have been magnified in asset-focused and capital intensive industries such as the energy infrastructure sector. We believe that the U.S. energy infrastructure sector’s high level of projected capital expenditures and continuing acquisition and divestiture activity will provide us with attractive investment opportunities.
- **Finance Market for Small and Middle Market Energy Companies is Underserved by Many Capital Providers.** We believe that many lenders have, in recent years, de-emphasized their service and product offerings to small and middle market energy companies in favor of lending to large corporate clients and managing capital markets transactions. We believe, in addition, that many capital providers lack the necessary technical expertise to evaluate the quality of the underlying assets of small and middle market private companies and micro-cap public companies in the energy infrastructure sector and lack a network of relationships with such companies.
- **Attractive Companies with Limited Access to Other Capital.** We believe there are, and will continue to be, attractive companies that will benefit from private equity investments prior to a public offering of their equity, whether as an MLP or otherwise. We also believe that there are a number of companies in the midstream and downstream segments of the U.S. energy infrastructure sector with the same stable cash flow characteristics as those being acquired by MLPs or funded by private equity capital in anticipation of contribution to an MLP. We believe that many such companies are not being acquired by MLPs or attracting private equity capital

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because they do not produce income that qualifies for inclusion in an MLP pursuant to the applicable U.S. Federal income tax laws, are perceived by such investors as too small, or are in areas of the midstream energy infrastructure segment in which most MLPs do not have specific expertise. We believe that these companies represent attractive investment candidates for us.

Competition

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. energy infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources that are not currently available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. These competitive conditions may adversely affect our ability to make investments in the energy infrastructure sector and could adversely affect our distributions to stockholders.

As investors in privately-held companies, we seek to make investments at valuation metrics that are more favorable than those of comparable public entities (often MLPs) to account for, among other things, the lack of liquidity. Under normal market conditions, such valuation metrics often result in pricing and transaction values that are acceptable to sellers of interests in private companies. With the recent volatility and lower valuations in the MLP market, our desired pricing for private equity investments may be unattractive to sellers, dampening or limiting the market opportunities that otherwise might be available to us.

Competitive Advantages

We believe that we are well positioned to meet the financing needs of companies within the U.S. energy infrastructure sector for the following reasons:

- **Existing Investment Platform and Focus on the Energy Infrastructure Sector.** We believe that our Adviser's current investment platform provides us with significant advantages in sourcing, evaluating, executing and managing investments. Our Adviser is a registered investment adviser specializing in the energy sector and had approximately \$3.0 billion of assets under management as of January 31, 2010, including the assets of four other publicly traded closed-end management investment companies, one privately-held closed-end management investment company and separate accounts for institutions and high net worth individuals. Our Adviser created the first publicly traded closed-end management investment company focused primarily on investing in MLPs involved in the energy infrastructure sector, and its aggregate managed capital is among the largest of those closed-end management investment company advisers focused on the energy sector.
- **Experienced Management Team.** The members of our Adviser's investment committee have an average of over 20 years of financial investment experience. Our Adviser's six investment professionals are responsible for the structuring and managing of our investments and have over 120 years of combined experience in energy, investment banking, leveraged finance and private equity investing. We believe that the members of our Adviser's investment committee and the Adviser's investment professionals have developed strong reputations in the capital markets, particularly in the energy infrastructure sector, that we believe affords us a competitive advantage in identifying and investing in energy infrastructure companies.
- **Disciplined Investment Philosophy.** In making its investment decisions, our Adviser intends to continue the disciplined investment approach that it has used since its founding. That investment approach emphasizes current income with the potential for enhanced returns through distribution growth, capital appreciation, low volatility and minimization of downside risk. Our Adviser's investment process involves an assessment of the overall attractiveness of the specific subsector of the energy infrastructure sector in which a prospective portfolio company is involved; such company's specific competitive position within that subsector; potential commodity price, supply and demand and regulatory concerns; the stability and potential growth of the prospective portfolio company's cash flows; the prospective portfolio company's management track record and incentive structure and our Adviser's ability to structure an attractive investment.
- **Flexible Transaction Structuring.** We are not subject to many of the regulatory limitations that govern traditional lending institutions such as commercial banks. As a result, we can be flexible in structuring investments and selecting the types of securities in which we invest. Our Adviser's investment professionals have substantial experience in structuring investments that balance the needs of energy infrastructure companies with appropriate risk control.
- **Extended Investment Horizon.** Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. These provisions often force private equity and venture capital funds to seek quicker returns on their investments through mergers, public equity offerings or other liquidity events that may otherwise be desirable, potentially resulting in both a lower

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overall return to investors and an adverse impact on their portfolio companies. We believe our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment funds enhance our ability to generate attractive returns on invested capital.

Investment Process and Due Diligence

In conducting due diligence, our Adviser uses available public information and information obtained from its relationships with former and current management teams, vendors and suppliers to prospective portfolio companies, investment bankers, consultants and other advisers. Although our Adviser uses research provided by third parties when available, primary emphasis is placed on proprietary analysis and valuation models conducted and maintained by our Adviser's in-house investment professionals.

The due diligence process followed by our Adviser's investment professionals is highly detailed and structured. Our Adviser exercises discipline with respect to company valuation and institutes appropriate structural protections in our investment agreements. After our Adviser's investment professionals undertake initial due diligence of a prospective portfolio company, if appropriate, more extensive due diligence will be undertaken. Our due diligence process may include the following as appropriate:

- review of historical and prospective financial information, as well as off-balance sheet and/or contingent assets or liabilities;
- review and analysis of financial models and projections;
- for many midstream and upstream investments, review of third party engineering reserve reports and internal engineering reviews;
- on-site visits;
- review of the status of the potential portfolio company's title to any assets serving as collateral and liens on such assets;
- environmental diligence and assessments;
- interviews with management, and if accessible, employees, customers and vendors of the prospective portfolio company;
- research relating to the prospective portfolio company's industry, regulatory environment, products and services and competitors;
- review of financial, accounting and operating systems;
- review of relevant corporate, partnership and other loan documents; and
- research relating to the prospective portfolio company's management, including background and reference checks using our Adviser's industry contact base and commercial data bases and other investigative sources.

Additional due diligence with respect to any investment may be conducted on our behalf by our legal counsel and/or accountants, as well as by other outside advisers and consultants, as appropriate.

Upon the conclusion of the due diligence process, our Adviser's investment professionals present a detailed investment proposal to our Adviser's investment committee. All decisions to invest in a portfolio company must be approved by the unanimous decision of our Adviser's investment committee.

Ongoing Relationships with Portfolio Companies

Monitoring

The investment professionals of our Adviser monitor each portfolio company to determine progress relative to meeting the company's business plan and to assess the company's strategic and tactical courses of action. This monitoring may be accomplished by attendance at Board of Directors meetings, the review of periodic operating and financial reports, an analysis of relevant reserve information and capital expenditure plans, and periodic consultations with engineers, geologists, and other experts. The performance of each portfolio company is also periodically compared to performance of similarly sized companies with comparable assets and businesses to assess performance relative to peers. Our Adviser's monitoring activities are expected to provide it with the necessary access to monitor compliance with existing covenants, to enhance its ability to make qualified valuation decisions, and to assist its evaluation of the nature of the risks involved in each individual investment. In addition, these monitoring activities should permit our Adviser to diagnose and manage the common risk factors held by our total portfolio, such as sector concentration, exposure to a single financial sponsor, or sensitivity to a particular geography.

Significant Managerial Assistance

A BDC must be organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described below. However, in order to count portfolio securities as qualifying assets for the purpose of the

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70 percent test, a BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance. Making available significant managerial assistance means, among other things, any arrangement whereby a BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company through monitoring of portfolio company operations, selective participation in board and management meetings, consulting with and advising a portfolio company's officers, or other organizational or financial guidance. We currently provide significant managerial assistance to one of our portfolio companies, Mowood, LLC ("Mowood"), and charge \$5,000 per month for our services.

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Operating and Regulatory Structure

We are regulated as a BDC under the 1940 Act, and classified as a non-diversified closed-end management investment company under the 1940 Act. We are, and intend to continue to be, taxed as a general business corporation under the Code.

As a BDC, we are subject to numerous regulations and restrictions. We may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, or “qualifying assets,” unless at the time the acquisition is made qualifying assets represent at least 70 percent of our total assets. We may invest up to 30 percent of our total assets in assets that are non-qualifying assets and are not subject to the limitations referenced above. These investments may include, among other things, investments in high yield bonds, bridge loans, distressed debt, commercial loans, private equity, and securities of public companies or secondary market purchases of otherwise qualifying assets. If the value of non-qualifying assets should at any time exceed 30 percent of our total assets, we will be precluded from acquiring any additional non-qualifying assets until such time as the value of our qualifying assets again equals at least 70 percent of our total assets.

Unlike most investment companies, we have not elected, and do not intend to elect, to be treated as a RIC under the Code. Therefore, we are, and intend to continue to be, obligated to pay federal and applicable state corporate income taxes on our taxable income. As a result of not electing to be treated as a RIC, we are not subject to the Code’s diversification rules limiting the assets in which a RIC can invest. In addition, we are not subject to the Code’s restrictions on the types of income that a RIC can recognize without adversely affecting its election to be treated as a RIC, allowing us the ability to invest in operating entities treated as partnerships under the Code, which we believe provide attractive investment opportunities. Finally, unlike RICs, we are not effectively required by the Code to distribute substantially all of our income and capital gains. Distributions on the common shares will be treated first as taxable dividend income to the extent of our current or accumulated earnings and profits, then as a tax free return of capital to the extent of a stockholder’s tax basis in the common shares, and last as capital gain. We anticipate that the distributed cash from our portfolio investments in entities treated as partnerships for tax purposes will exceed our share of taxable income from those portfolio investments. Thus, we anticipate that only a portion of distributions we make on the common shares will be treated as taxable dividend income to our stockholders.

Codes of Ethics

We have adopted a code of ethics which applies to our principal executive officer and principal financial officer. We have also adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code of ethics may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code of ethics. This information may be obtained, without charge, upon request by calling us at (913) 981-1020 or toll-free at (866) 362-9331 and on our Web site at www.tortoiseadvisors.com/tto.cfm.

You may also read and copy the codes of ethics at the Securities and Exchange Commission’s Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at (800) SEC-0330. In addition, the codes of ethics are available on the EDGAR Database on the Securities and Exchange Commission’s Internet site at <http://www.sec.gov>. You may obtain copies of the codes of ethics, after paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov, or by writing the Securities and Exchange Commission’s Public Reference Section, Washington, D.C. 20549.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. The Sarbanes-Oxley Act requires us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith. As of November 30, 2009, we are a non-accelerated filer. This annual report does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management’s report in this annual report.

Available Information

Our principal executive offices are located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, our telephone number is (913) 981-1020, or toll-free (866) 362-9331, and our Web site is www.tortoiseadvisors.com/tto.cfm. We will make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports when we electronically file such material with, or furnish it to, the SEC. This information may be obtained, without charge, upon request by calling us at (913) 981-1020 or toll-free at (866) 362-9331 and on our Web site at www.tortoiseadvisors.com/tto.cfm. This information will also be available at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by

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calling the SEC at (800) SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed by us with the SEC which is available on the SEC's internet site at www.sec.gov. Please note that any internet addresses provided in this Form 10-K are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such internet address is intended or deemed to be included by reference herein.

ITEM 1A. RISK FACTORS

Risks Related to Our Operations

Our Adviser serves as investment adviser to other funds, which may create conflicts of interest not in the best interest of us or our stockholders. Our Adviser was formed in October 2002 and has been managing investments in portfolios of MLPs and other issuers in the energy sector since that time, including management of the investments of TYG since February 27, 2004, TYY since May 31, 2005, TYN since October 31, 2005, TPZ since July 31, 2009 and one privately-held closed-end management investment company since June 29, 2007. From time to time the Adviser may pursue areas of investments in which the Adviser has more limited experience.

Our investment committee is the same for, and all of our Adviser's employees provide services for, other funds managed by our Adviser. Our Adviser's services under the investment advisory agreement are not exclusive, and it is not prohibited from furnishing the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as its services to us are not impaired by the provision of such services to others. In addition, the publicly-traded funds and private accounts managed by our Adviser may make investments similar to investments that we may pursue. Unlike the other funds managed by our Adviser, we generally target investments in companies that are privately-held or have market capitalizations of less than \$250,000,000, and that are earlier in their stage of development. We also focus on privately-held and micro-cap public energy companies operating in the midstream and downstream segment, and to a lesser extent the upstream and coal/aggregates segments, of the U.S energy infrastructure sector.

Our Adviser and the members of its investment committee may have obligations to other investors, the fulfillment of which might not be in the best interests of us or our stockholders, and it is possible that our Adviser might allocate investment opportunities to other entities, limiting attractive investment opportunities available to us. However, our Adviser intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies, and in accordance with written allocation policies and procedures of our Adviser, so that we will not be disadvantaged in relation to any other client.

We are dependent upon our Adviser's key personnel for our future success.

We depend on the diligence, expertise and business relationships of the senior management of our Adviser. Our Adviser's investment professionals and senior management will evaluate, structure, close and monitor our investments. Our future success will depend on the continued service of the senior management team of our Adviser. The departure of one or more investment professionals of our Adviser could have a material adverse effect on our ability to achieve our investment objective and on the value of our common shares. We will rely on certain employees of the Adviser who will be devoting significant amounts of their time to other activities of the Adviser. To the extent the Adviser's investment professionals and senior management are unable to, or do not, devote sufficient amounts of their time and energy to our affairs, our performance may suffer.

The incentive fee payable to our Adviser may create conflicting incentives.

The incentive fee payable by us to our Adviser may create an incentive for our Adviser to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such a compensation arrangement. Because a portion of the incentive fee payable to our Adviser is calculated as a percentage of the amount of our net investment income that exceeds a hurdle rate, our Adviser may imprudently use leverage to increase the return on our investments. Under some circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common shares. In addition, our Adviser will receive an incentive fee based, in part, upon net realized capital gains on our investments. Unlike the portion of the incentive fee based on net investment income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, our Adviser may have an incentive to pursue investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative or long term securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns or longer return cycles.

We may be required to pay an incentive fee even in a fiscal quarter in which we have incurred a loss. For example, if we have pre-incentive fee net investment income above the hurdle rate and realized capital losses, we will be required to pay the investment income portion of the incentive fee.

The investment income portion of the incentive fee payable by us will be computed and paid on income that may include interest that has been accrued but not yet received in cash, and the collection of which is uncertain or deferred. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the investment income portion of the incentive fee will become uncollectible. Our Adviser will not be required to reimburse us for any such incentive fee payments.

Because we expect to distribute substantially all of our income to our stockholders, we will continue to need additional capital to make new investments. If additional funds are unavailable or not available on favorable terms, our ability to make new investments will be impaired. If we distribute substantially all of our income to our stockholders and desire to make new investments, our business will require a substantial amount of capital. We may acquire additional capital from the issuance of securities senior to our common shares, including additional borrowings or other indebtedness or the issuance of additional securities. We may also acquire additional capital through the issuance of additional equity. However, we may not be able to raise additional capital in the future on favorable terms or at all. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. We may issue debt securities, other instruments of indebtedness or preferred stock, and borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200 percent after each issuance of senior securities. Our ability to pay distributions or issue additional senior securities is restricted if our asset coverage ratio is not at least 200 percent, or put another way, the value of our assets (less all liabilities and indebtedness not represented by senior securities) must be at least twice that of any outstanding senior securities (plus the aggregate involuntary liquidation preference of any preferred stock). If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. As a result of issuing senior securities, we will also be exposed to typical risks associated with leverage, including increased risk of loss. If we issue preferred securities which will rank “senior” to our common shares in our capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences or privileges more favorable than those of our common shares, and the issuance of such preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for security holders or otherwise be in our best interest.

To the extent our ability to issue debt or other senior securities is constrained, we will depend on issuances of additional common shares to finance new investments. As a BDC, we generally are not able to issue additional common shares at a price below NAV (net of any sales load (underwriting discount)) without first obtaining required approvals of our stockholders and our independent directors, which could constrain our ability to issue additional equity. If we raise additional funds by issuing more of our common shares or senior securities convertible into, or exchangeable for, our common shares, the percentage ownership of our stockholders at that time would decrease, and you may experience dilution.

As a BDC, we are subject to limitations on our ability to engage in certain transactions with affiliates.

As a BDC, we are prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our independent directors or the SEC. Any person that owns, directly or indirectly, 5 percent or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits “joint” transactions with an affiliate, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors. If a person acquires more than 25 percent of our voting securities, we will be prohibited from buying or selling any security from or to such person, or entering into joint transactions with such person, absent prior approval of the SEC.

If an investment that was initially believed to be a qualifying asset is later deemed not to have been a qualifying asset at the time of investment, we could lose our status as a BDC or be precluded from investing according to our current business plan.

As a BDC, we must not acquire any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70 percent of our total assets are qualifying assets. If an investment that was originally believed to be a qualifying asset is later deemed not to have been a qualifying asset at the time of investment, our status as a BDC may be jeopardized or we may be precluded from investing according to our current business plan, either of which would have a material adverse effect on our business, financial condition and results of operations. We also may be required to dispose of investments, which could have a material adverse effect on us and our shareholders, because even if we were successful in finding a buyer, we may have difficulty in finding a buyer to purchase such investments on favorable terms or in a sufficient timeframe.

We may choose to invest a portion of our portfolio in investments that may be considered highly speculative and that could negatively impact our ability to pay distributions and cause you to lose part of your investment.

The 1940 Act permits a BDC to invest up to 30 percent of its assets in investments that do not meet the test for “qualifying assets.” Such investments may be made by us with the expectation of achieving a higher rate of return or increased cash flow with a portion of our portfolio and may fall outside of our targeted investment criteria. These investments may be made even though they may expose us to greater risks than our other investments and may consequently expose our portfolio to more significant losses than may arise from our other investments. We may invest up to 30 percent of our total assets in assets that are non-qualifying assets in among other things, high yield bonds, bridge loans, distressed debt, commercial loans, private equity, and securities of public companies or secondary market purchases of securities of target portfolio companies. Such investments could impact negatively our ability to pay you distributions and cause you to lose part of your investment.

Our debt increases the risk of investing in us.

As of November 30, 2009, we have a \$4,600,000 secured revolving credit facility with U.S. Bank National Association which terminates on February 20, 2010. Our credit facility contains a covenant precluding us from incurring additional debt. Lenders from whom we may borrow money or holders of our debt securities will have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we have, and may in the future, grant a security interest in our assets in connection with our debt. In the case of a liquidation event, those lenders or note holders would receive proceeds before our stockholders. In addition, debt, also known as leverage, magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique and the costs of any leverage transactions will be borne by our stockholders. In addition, because the base management fees we pay to our Adviser are based on Managed Assets (which includes any assets purchased with borrowed funds); our Adviser may imprudently borrow funds in an attempt to increase our managed assets and in conflict with our or our stockholders’ best interests. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common shares to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common shares to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common shares. Our ability to service any debt that we incur will depend largely on our financial performance and the performance of our portfolio companies and will be subject to prevailing economic conditions and competitive pressures. Under the terms of our credit facility, we must maintain the asset coverage ratio required under the 1940 Act. If we fail to maintain the required coverage, we may be required to repay a portion of any outstanding balance until the asset coverage requirement has been met. This may require us to sell assets. The illiquid nature of most of our investments may make it difficult to dispose of such assets at a favorable price, and as a result, we may suffer losses.

We operate in a highly competitive market for investment opportunities.

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. energy infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources that are not currently available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. These competitive conditions may adversely affect our ability to make investments in the energy infrastructure sector and could adversely affect our distributions to stockholders.

Our quarterly results may fluctuate.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the return on our equity investments, the interest rates payable on our debt investments, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our portfolio may be concentrated in a limited number of portfolio companies.

We currently have investments in a limited number of portfolio companies. An inherent risk associated with this investment concentration is that we may be adversely affected if one or two of our investments perform poorly or if the fair value of any one investment decreases. Financial difficulty on the part of any single portfolio company or the failure of a portfolio company to make distributions will expose us to a greater risk of loss than would be the case if we were a “diversified” company holding numerous investments.

Our investments in privately-held companies present certain challenges, including the lack of available information about these companies and a greater inability to liquidate our investments in an advantageous manner.

We primarily make investments in privately-held companies. Generally, little public information will exist about these companies, and we will be required to rely on the ability of our Adviser to obtain adequate information to evaluate the potential risks and returns involved in investing in these companies. If our Adviser is unable to obtain all material information about these companies, including with respect to operational, regulatory, environmental, litigation and managerial risks, our Adviser may not make a fully-informed investment decision, and we may lose some or all of the money invested in these companies. In addition, our Adviser may inappropriately value the prospects of an investment, causing us to overpay for such investment and fail to receive an expected or projected return on its investment. Substantially all of these securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of these investments may make it difficult for us to sell such investments at advantageous times and prices or in a timely manner. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we previously have recorded our investments. We also may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or one of our affiliates have material non-public information regarding such portfolio company.

Most of our portfolio investments are, and will continue to be, recorded at fair value as determined in good faith by our Board of Directors. As a result, there is, and will continue to be, uncertainty as to the fair value of our portfolio investments.

Most of our investments are in the form of securities or loans that are not publicly-traded. The fair value of these investments may not be readily determinable. We will value these investments quarterly at fair value as determined in good faith by our Board of Directors. We have retained Lincoln Partners Advisors LLC (an independent valuation firm) to provide third party valuation consulting services which consist of certain procedures that the Board of Directors has identified and requested they perform. For the period ended November 30, 2009, the Board of Directors requested Lincoln Partners Advisors LLC to perform positive assurance valuation procedures on investments in six portfolio companies comprising approximately 94 percent of our restricted investments at fair value as of November 30, 2009. The Board of Directors is ultimately responsible for determining the fair value of the investments in good faith. The types of factors that may be considered in fair value pricing of an investment include the nature and realizable value of any collateral, the portfolio company's earnings and ability to make payments, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations are inherently uncertain, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. As a result, we may not be able to dispose of our holdings at a price equal to or greater than the determined fair value, which could have a negative impact on our net asset value.

Our equity investments may decline in value.

The equity securities in which we invest may not appreciate or may decline in value. We may thus not be able to realize gains from our equity securities, and any gains that we do realize on the disposition of any equity securities may not be sufficient to offset any other losses we experience. As a result, the equity securities in which we invest may decline in value, which may negatively impact our ability to pay distributions and cause you to lose all or part of your investment.

An investment in MLPs will pose risks unique from other equity investments.

An investment in MLP securities involves some risks that differ from an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. Holders of units issued by an MLP are exposed to a remote possibility of liability for all of the obligations of that MLP in the event that a court determines that the rights of the holders of MLP units to vote to remove or replace the general partner of that MLP, to approve amendments to that MLP's partnership agreement, or to take other action under the partnership agreement of that MLP would constitute "control" of the business of that MLP, or a court or governmental agency determines that the MLP is conducting business in a state without complying with the partnership statute of that state.

Holders of MLP units are also exposed to the risk that they be required to repay amounts to the MLP that are wrongfully distributed to them. In addition, the value of our investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be treated as a corporation for U.S. federal income tax purposes. In that case, the MLP would be obligated to pay income tax at the entity level and distributions received by us generally would be taxed as dividend income. As a result, there could be a material reduction in our cash flow and there could be a material decrease in the value of our common shares.

Unrealized decreases in the value of debt investments in our portfolio may impact the value of our common shares and may reduce our income for distribution.

We are required to carry our investments at fair value. Decreases in the fair values of our debt investments will be recorded as unrealized depreciation. Any unrealized depreciation in our investment portfolio could be an indication of a portfolio company's inability to meet its obligations to us with respect to the loans whose fair values decreased. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

When we are a minority equity or a debt investor in a portfolio company, we may not be in a position to control that portfolio company. When we make minority equity investments or invest in debt, we will be subject to the risk that a portfolio company may make business decisions with which we may disagree, and that the stockholders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investments.

Our portfolio companies can incur debt that ranks senior to our equity investments in such companies. Portfolio companies in which we invest usually will have, or may be permitted to incur, debt that ranks senior to our equity investments. As a result, payments on such securities may have to be made before we receive any payments on our investments. For example, these debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to our investments. These debt instruments will usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying its senior creditors, a portfolio company may not have any remaining assets to use to repay its obligation to us or provide a full or even partial return of capital on an equity investment made by us.

If our investments do not meet our performance expectations, you may not receive distributions. We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Also, restrictions and provisions in our credit facilities and debt securities may limit our ability to make distributions. We cannot assure you that you will receive distributions at a particular level or at all.

The lack of liquidity in our investments may adversely affect our business, and if we need to sell any of our investments, we may not be able to do so at a favorable price. As a result, we may suffer losses.

We generally expect to invest in the equity of companies whose securities are not publicly-traded, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. We also expect to invest in debt securities with terms of five to ten years and hold such investments until maturity. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly (to meet debt covenants in our credit facility, for example), we may realize significantly less than the value at which we had previously recorded these investments. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

We will be exposed to risks associated with changes in interest rates. Equity securities may be particularly sensitive to rising interest rates, which generally increase borrowing costs and the cost of capital and may reduce the ability of portfolio companies in which we own equity securities to either execute acquisitions or expansion projects in a cost-effective manner or provide us liquidity by completing an initial public offering or completing a sale. Fluctuations in interest rates will also impact any debt investments we make. Changes in interest rates may also negatively impact the costs of our outstanding borrowings, if any.

We may not have the funds to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

Changes in laws or regulations or in the interpretations of laws or regulations could significantly affect our operations and cost of doing business.

We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, we may have to incur significant expenses in order to comply, or we may have to restrict our operations.

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In addition, if we do not comply with applicable laws, regulations and decisions, or fail to obtain licenses that may become necessary for the conduct of our business; we may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Our internal controls over financial reporting may not be adequate, and our independent registered public accounting firm may not be able to certify as to their adequacy, which could have a significant and adverse effect on our business and reputation.

We are required to review on an annual basis our internal controls over financial reporting, and to disclose on a quarterly basis changes that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. There can be no assurance that our quarterly reviews will not identify material weaknesses.

Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common shares.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. We will be covered by the Business Combination Act of the Maryland General Corporation Law to the extent that such statute is not superseded by applicable requirements of the 1940 Act. However, our Board of Directors has adopted a resolution exempting us from the Business Combination Act for any business combination between us and any person to the extent that such business combination receives the prior approval of our board, including a majority of our directors who are not interested persons as defined in the 1940 Act.

Under our charter, our Board of Directors is divided into three classes serving staggered terms, which will make it more difficult for a hostile bidder to acquire control of us. In addition, our Board of Directors may, without stockholder action, authorize the issuance of shares of stock in one or more classes or series, including preferred stock. Subject to compliance with the 1940 Act, our Board of Directors may, without stockholder action, amend our charter to increase the number of shares of stock of any class or series that we have authority to issue. The existence of these provisions, among others, may have a negative impact on the price of our common shares and may discourage third party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common shares.

Risks Related to an Investment in the U.S. Energy Infrastructure Sector

Our portfolio is, and will continue to be, concentrated in the energy infrastructure sector, which will subject us to more risks than if we were broadly diversified.

We invest primarily in privately-held and micro-cap public energy companies. Because we are specifically focused on the energy infrastructure sector, investments in our common shares may present more risks than if we were broadly diversified over numerous sectors of the economy. Therefore, a downturn in the U.S. energy infrastructure sector would have a larger impact on us than on an investment company that does not concentrate in one sector of the economy. The energy infrastructure sector can be significantly affected by the supply of and demand for specific products and services; the supply and demand for crude oil, natural gas, and other energy commodities; the price of crude oil, natural gas, and other energy commodities; exploration, production and other capital expenditures; government regulation; world and regional events and economic conditions. At times, the performance of securities of companies in the energy infrastructure sector may lag the performance of securities of companies in other sectors or the broader market as a whole.

The portfolio companies in which we invest are subject to variations in the supply and demand of various energy commodities.

A decrease in the production of natural gas, natural gas liquids, crude oil, coal, aggregates, refined petroleum products or other such commodities, or a decrease in the volume of such commodities available for transportation, mining, processing, storage or distribution, may adversely impact the financial performance of companies in the energy infrastructure sector. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, political events, OPEC actions, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, failure to obtain necessary permits, unscheduled outages, unanticipated expenses, inability to successfully carry out new construction or acquisitions, import supply disruption, increased competition from alternative energy sources or related commodity prices. Alternatively, a sustained decline in demand for such commodities could also adversely affect the financial performance of companies in the energy infrastructure sector. Factors that could lead to a decline in demand include economic recession or other adverse economic conditions, higher fuel taxes or governmental regulations, increases in fuel economy, consumer shifts to the use of alternative fuel sources, changes in commodity prices or weather.

Many companies in the energy infrastructure sector are subject to the risk that they, or their customers, will be unable to replace depleted reserves of energy commodities.

Many companies in the energy infrastructure sector are either engaged in the production of natural gas, natural gas liquids, crude oil, refined petroleum products, coal, or aggregates or are engaged in transporting, storing, distributing and processing these items on behalf of producers. To maintain or grow their revenues, many customers of these companies need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources, through acquisitions, or through long-term contracts to acquire reserves. The financial performance of companies in the energy infrastructure sector may be adversely affected if the companies to which they provide service are unable to cost-effectively acquire additional reserves sufficient to replace the natural decline.

Our portfolio companies are and will be subject to extensive regulation because of their participation in the energy infrastructure sector. Companies in the energy infrastructure sector are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future that likely would increase compliance costs and may adversely affect the financial performance of companies in the energy infrastructure sector and the value of our investments in those companies.

Energy infrastructure companies are and will be subject to the risk of fluctuations in commodity prices.

The operations and financial performance of companies in the energy infrastructure sector may be directly affected by energy commodity prices, especially those companies in the energy infrastructure sector owning the underlying energy commodity. Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand or supply, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices, which may lead to a reduction in production or supply, may also negatively impact the performance of companies in the energy infrastructure sector that are solely involved in the transportation, processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for companies in the energy infrastructure sector to raise capital to the extent the market perceives that their performance may be tied directly or indirectly to commodity prices. Historically, energy commodity prices have been cyclical and exhibited significant volatility.

Our portfolio companies are and will be subject to the risk of extreme weather patterns.

Extreme weather patterns, such as prolonged or abnormal seasons, or specific events, such as hurricanes, could result in significant volatility in the supply of energy and power. This volatility may create fluctuations in commodity prices and earnings of companies in the energy infrastructure sector. Moreover, any extreme weather events, such as hurricanes, could adversely impact the assets and valuation of our portfolio companies.

Acts of terrorism may adversely affect us.

The value of our common shares and our investments could be significantly and negatively impacted as a result of terrorist activities, such as the terrorist attacks on the World Trade Center on September 11, 2001; war, such as the war in Iraq and its aftermath; and other geopolitical events, including upheaval in the Middle East or other energy producing regions. The U.S. government has issued warnings that energy assets, specifically those related to pipeline infrastructure, production facilities and transmission and distribution facilities, might be specific targets of terrorist activity. Such events have led, and in the future may lead, to short-term market volatility and may have long-term effects on the U.S. economy and markets. Such events may also adversely affect our business and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own any real estate or other physical properties. Our Adviser is the current leaseholder for all properties in which we operate. We occupy these premises pursuant to our Investment Advisory Agreement and the Administration Agreement with our Adviser. Our principal executive office is located in Leawood, Kansas, and one of our investment professionals operates from a location in Alexandria, Virginia.

ITEM 3. LEGAL PROCEEDINGS

Neither we nor our Adviser are currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of stockholders was held on September 11, 2009. The matters considered at the meeting, together with the actual vote tabulations relating to such matters are as follows:

1. To consider and vote on a new investment advisory agreement between the Company and its current investment adviser, Tortoise Capital Advisors, L.L.C.

	No. of Shares
Affirmative	4,927,841
Against	192,606
Abstain	80,232
Broker Non-Votes	0
TOTAL	5,200,679

2. To consider and vote on a new sub-advisory agreement between Tortoise Capital Advisors, L.L.C. and its current sub-advisor, Kenmont Investments Management, L.P.

	No. of Shares
Affirmative	4,918,547
Against	202,333
Abstain	79,799
Broker Non-Votes	0
TOTAL	5,200,679

Based upon votes required for approval, each of these matters passed.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Stock

Our common shares began trading on the NYSE under the symbol "TTO" on February 2, 2007 at a price of \$15.00 per share. Prior to our initial public offering, there was no public market for our common shares.

The following table sets forth the range of high and low sales prices of our common shares as reported on the NYSE, and the distributions declared by us for each fiscal quarter for our two most recent fiscal years:

	NAV(1)	Price Range		Cash Distribution
		High	Low	per Share(2)
2008				
First quarter	\$ 13.28	\$ 13.05	\$ 11.00	\$0.2500
Second quarter	\$ 13.69	\$ 13.42	\$ 11.80	\$0.2625
Third quarter	\$ 13.38	\$ 12.52	\$ 11.00	\$0.2650
Fourth quarter	\$ 9.96	\$ 11.18	\$ 4.40	\$0.2650
2009				
First quarter	\$ 8.67	\$ 6.53	\$ 6.31	\$0.2300
Second quarter	\$ 8.91	\$ 4.48	\$ 4.15	\$0.1300
Third quarter	\$ 8.76	\$ 5.78	\$ 5.57	\$0.1300
Fourth quarter	\$ 9.29	\$ 6.46	\$ 6.14	\$0.1300

- (1) Net asset value per share is generally determined as of the last day in the relevant period and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
- (2) Represents the distribution declared in the specified period.

The last reported price for our common stock as of January 31, 2010 was \$6.68 per share. As of January 31, 2010, we had 30 stockholders of record.

Distributions Policy

Our portfolio generates cash flow to us from which we pay distributions to stockholders. When our Board of Directors determines the amount of any distribution we expect to pay our stockholders, it will review distributable cash flow ("DCF"). DCF is distributions received from investments less our total expenses. Total distributions received from our investments include the amount received by us as cash distributions from equity investments, paid-in-kind distributions, and dividend and interest payments. Total expenses include current or anticipated operating expenses, leverage costs and current income taxes on our operating income. Total expenses do not include deferred income taxes or accrued capital gain incentive fees. We do not include in distributable cash flow the value of distributions received from portfolio companies which are paid in stock as a result of credit constraints, market dislocation or other similar issues.

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We intend, subject to adjustment at the discretion of our Board of Directors, to pay out to our stockholders substantially all of the amounts we receive as cash or paid-in-kind distributions on equity securities we own and interest payments on debt securities we own, less current or anticipated operating expenses, current income taxes on our income and our leverage costs. Historically we have included all paid-in-kind distributions in distributable cash flow, however, in the future we do not intend to include in distributable cash flow the value of distributions received from portfolio companies which are paid in stock as a result of credit constraints, market dislocation or other similar issues.

We have an “opt out” dividend reinvestment plan. As a result, if we declare a distribution, stockholders’ cash distributions will be automatically reinvested in additional common shares, unless the stockholders specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of common shares will generally be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash.

As a BDC, we are prohibited from paying distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act. Distributions also may be limited by the terms of our borrowings. It is our objective to invest our assets and structure our borrowings so as to permit stable and consistently growing distributions. However, there can be no assurances that we will achieve that objective or that our results will permit the payment of any cash distributions.

Taxation of our Distributions

We have invested, and intend to invest, primarily in partnerships and limited liability companies treated as partnerships for tax purposes, which generally have larger distributions of cash than the taxable income which they generate. Accordingly, we anticipate that the distributions we receive typically will include a return of capital component for accounting and tax purposes. Distributions declared and paid by us in any year generally will differ from our taxable income for that year; as such distributions may include the distribution of current year taxable income and returns of capital.

Performance Graph

The following graph compares the return on our common stock (“TTO”) with that of the Wachovia MLP Total Return Index (“WMLPT”), the Standard & Poor’s 500 Stock Index (“SPX”) and a BDC Peer Group (“BDC Peers”)(2), for the period February 2, 2007 to November 30, 2009. The graph assumes that, on February 2, 2007, a \$100 investment was made in each of our common stock, WMLPT, SPX and the BDC Peers, and assumes the reinvestment of all cash dividends. The comparisons in the graph below are based on historical data and are not intended to forecast future performance of our common stock.

Shareholder Return Performance Graph
Cumulative Total Return Since Initial Public Offering (1)
Through November 30, 2009

- (1) Our shares began trading on the NYSE on February 2, 2007.
- (2) The BDC Peer Group consists of the following closed-end investment companies that have elected to be regulated as business development companies under the 1940 Act:

Allied Capital Corp.	Capital Southwest Corp.	Harris & Harris Group Inc.	MVC Capital
American Capital Strategies	Equus Total Return	Hercules Tech Growth Capital	NGP Capital Resources Co.
Ameritrans Capital Corp.	Fifth Street Finance Corp.	Kohlberg Capital Corp.	PennantPark Investment Corp
Apollo Investment Corp.	Gladstone Capital Corp.	Main Street Capital Corp.	Prospect Capital Corp.
Ares Capital Corporation	Gladstone Investment Corp.	MCG Capital Corp.	TICC Capital
Blackrock Kelso Capital Corp.	GSC Investment Corp	Medallion Financial Corp.	Triangle Capital Corp.

Recent Sales of Unregistered Securities

We did not sell any securities during the year ended November 30, 2009 that were not registered under the Securities Act of 1933.

Issuer Purchases of Equity Securities

We did not repurchase any shares of our common stock during the year ended November 30, 2009.

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ITEM 6. SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the financial statements and related notes included in this Annual Report on Form 10-K. Financial information presented below for the years ended November 30, 2009, November 30, 2008, November 30, 2007 and for the period from December 8, 2005 to November 30, 2006 has been derived from our financial statements audited by Ernst & Young LLP, our independent registered public accounting firm. The historical data is not necessarily indicative of results to be expected for any future period.

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007	Period from December 8, 2005 to November 30, 2006(1)
Statements of operations data:				
Investment income	\$ 1,804,531	\$ 2,943,953	\$ 3,034,944	\$ 2,119,843
Base management fees(2)	1,351,593	2,006,120	2,233,670	634,989
All other expenses(3)	1,539,486	2,688,550	2,902,561	360,156
Total expenses	\$ 2,891,079	\$ 4,694,670	\$ 5,136,231	\$ 995,145
Less expense reimbursement by Adviser	225,266	385,622	94,181	—
Current and deferred tax benefit (expense), net	(254,356)	9,859,785	(3,671,096)	(516,055)
Net realized gain (loss) on investments before income taxes	(23,120,748)	8,716,197	260,290	(1,462)
Unrealized appreciation (depreciation) on investments before income taxes	24,247,380	(41,581,120)	10,561,888	328,858
Increase (decrease) in net assets resulting from operations	\$ 10,994	\$ (24,370,233)	\$ 5,143,976	\$ 936,039
Per common share data:				
Distributions to common stockholders(4)	\$ 0.62	\$ 1.04	\$ 0.67	\$ 0.34
Net increase (decrease) in stockholder’s equity resulting from operations:				
Basic and diluted	\$ 0.00	\$ (2.74)	\$ 0.66	\$ 0.30
Net asset value	\$ 9.29	\$ 9.96	\$ 13.76	\$ 13.70
	November 30, 2009	November 30, 2008	November 30, 2007	November 30, 2006
Statements of assets and liabilities data:				
Short-term investments	\$ 1,498,846	\$ 360,372	\$ 219,502	\$ 5,431,414
Long-term investments	82,483,094	105,790,858	158,416,831	37,144,100
Other assets	5,496,113	6,169,827	537,987	357,498
Total assets	\$ 89,478,053	\$ 112,321,057	\$ 159,174,320	\$ 42,933,012
Total liabilities	5,181,468	23,095,757	37,261,354	604,610
Total net assets	\$ 84,296,585	\$ 89,225,300	\$ 121,912,966	\$ 42,328,402

(1) We were incorporated on September 8, 2005, but did not commence operations until December 8, 2005.

(2) For the year ended November 30, 2009, base management fees include \$1,351,593 accrued as base management fees payable to the Adviser under the Investment Advisory Agreement. For the year ended November 30, 2008, base management fees include \$2,313,731 accrued as base management fees payable to the Adviser under the Investment Advisory Agreement, and \$307,611 as a reduction in the provision for capital gain incentive fees payable to the Adviser. For the year ended November 30, 2007, base management fees include \$1,926,059 accrued as base management fees payable to the Adviser under the Investment Advisory Agreement and \$307,611 as an increase in the provision for capital gain incentive fees payable to the Adviser. For the period from December 8, 2005 to November 30, 2006, base management fees include \$634,989 accrued as base management fees payable to the Adviser under the Investment Advisory Agreement. The payable for capital gain incentive fees is a result of the increase or decrease in the fair value of investments and realized gains or losses from investments. Pursuant to the Investment Advisory Agreement, the capital gain incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. No capital gain incentive fees were due or payable at November 30, 2009, 2008, 2007 or 2006.

(3) For the year ended November 30, 2009, other expenses include \$911,779 in operating expenses and \$627,707 in interest expense on the credit facility. For the year ended November 30, 2008, other expenses include \$1,037,624 in operating expenses and \$1,650,926 in interest expense on the credit facility. For the year ended November 30, 2007, other expenses include \$1,094,677 in operating expenses, \$847,421 of interest expense on the credit facility, \$228,750 in preferred stock dividends, and \$731,713 of non-recurring expenses related to the loss on redemption of the previously outstanding Series A Redeemable

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Preferred Stock. The Series A Redeemable Preferred Stock issuance in December 2006 was utilized as bridge financing to fund portfolio investments and was fully redeemed upon completion of our initial public offering in February 2007. For the period from December 8, 2005 to November 30, 2006, other expenses include \$360,156 in operating expenses. Other expenses do not include current and deferred income taxes.

- (4) The character of distributions made during the year may differ from the ultimate characterization for federal income tax purposes. For the year ended November 30, 2009 the company's distributions, for book and tax purposes, were comprised of 100 percent return of capital. For the year ended November 30, 2008 the company's distributions, for book purposes, were comprised of 100 percent return of capital, and for tax purposes were comprised of 3.2 percent investment income and 96.8 percent return of capital. For the year ended November 30, 2007, the company's distributions, for book and tax purposes, were comprised of 100 percent return of capital. For the period ended December 8, 2005 to November 30, 2006, the company's distributions, for book purposes, were comprised of 87.3 percent investment income and 12.7 percent return of capital, and for tax purposes were comprised of 41.7 percent investment income and 58.3 percent return of capital.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All statements contained herein, other than historical facts, constitute "forward-looking statements." These statements may relate to, among other things, future events or our future performance or financial condition. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "believe," "will," "provided," "anticipate," "future," "could," "growth," "plan," "intend," "expect," "should," "would," "potential," "likely" or the negative of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any anticipated results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. For a discussion of factors that could cause our actual results to differ from forward-looking statements contained herein, please see the discussion under the heading "Risk Factors" in Part I, Item 1A. of this report.

We may experience fluctuations in our operating results due to a number of factors, including the return on our equity investments, the interest rates payable on our debt investments, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Overview

We have elected to be regulated as a BDC and we are classified as a non-diversified closed-end management investment company under the 1940 Act. As a BDC, we are subject to numerous regulations and restrictions. Unlike most investment companies, we are, and intend to continue to be, taxed as a general business corporation under the Code.

We invest in companies operating in the U.S. energy infrastructure sector, primarily in privately-held and micro-cap public companies focused on the midstream and downstream segments, and to a lesser extent the upstream and coal/aggregates segments. We believe companies in the energy infrastructure sector generally produce stable cash flows as a result of their fee-based revenues and have limited direct commodity price risk.

Investment Review and Portfolio Outlook

In 2008, many business development companies were trading at levels of fifty percent of their net asset value—an indicator of very low investor confidence and credit quality concerns. The BDC sector saw steady improvement in 2009, with renewed investor confidence evidenced by eight equity offerings pricing in the third and fourth quarters, at an average offering price of 93 percent of net asset value. However, many BDCs continue to have limited access to new capital, particularly those with perceived leverage issues.

At May 31, 2008, we had a \$50 million credit facility with outstanding leverage of about \$33.8 million. In March 2009, we began a significant deleveraging program through an orderly liquidation of our publicly-traded securities, decreasing our leverage to \$4.6 million as of November 30, 2009. The deleveraging, as well as the decline of values in the broader market, decreased the value of our investments from \$106.2 million at November 30, 2008 to \$84.0 million as of November 30, 2009.

The MLP sector saw a significant rebound in 2009, with the Wachovia MLP Total Return Index up about 75 percent for the year. The rebound can be attributed to MLP's resilient business fundamentals which were reflected in the average 4 percent distribution growth in 2009. Our private companies are valued using a number of methodologies, including public MLP comparables. As such, we have seen an improvement in our net asset value per share this year, from \$8.67 at February 28, 2009 to \$9.29 as of November 30, 2009.

In October 2009, Abraxas Energy Partners LP merged with its affiliate, Abraxas Petroleum Corporation (NASDAQ: AXAS). In connection with the merger, the holders of common units of Abraxas exchanged their units into publicly-traded shares of AXAS. We received 1,946,376 shares of AXAS. These shares are subject to a staggered lock-up period which expires in February 2012. On February 8, 2010, Quest Resource Corporation (NASDAQ: QRCF) and Quest Energy Partners, L.P. (NASDAQ: QELP) announced the Securities and Exchange Commission declared the Registration Statement of PostRock Energy Corporation on Form S-4 effective. The Form S-4 registers with the SEC PostRock's common stock to be issued in connection with the proposed merger of QRCF, QELP, and Quest Midstream Partners, L.P into PostRock, a new, publicly-traded corporation that would wholly own all three entities. Stockholders of record as of February 1, 2010 of QRCF and QELP will be entitled to vote upon the merger at stockholder meetings scheduled for March 5, 2010.

We had one realization event that occurred after the end of our fiscal year. On February 9, 2010, Mowood, LLC closed the sale of its wholly owned subsidiary, Timberline Energy, LLC, to Landfill Energy Systems, LLC. Timberline is an owner and developer of projects that convert landfill gas to energy. Mowood will continue its ownership and operation of Omega Pipeline Company, LLC (Omega), a local distribution company which serves the natural gas and propane needs of Fort Leonard Wood and other customers in south central Missouri. On February 10, 2010, we received a partial distribution of proceeds in the amount of \$3.8 million (out of an expected total of approximately \$9.0 million), which

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we used to pay off the outstanding balance on our credit facility. We intend to invest the remaining \$5.2 million of the expected initial proceeds according to stated investment policies, which may include investments in publicly-traded securities as well as a potential investment in Omega to facilitate growth. Over the next two years, we could receive additional proceeds of up to \$2.4 million, based on contingent and escrow terms. We expect the immediate impact of this transaction to be neutral to distributable cash flow.

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While the last eighteen months have been challenging, our portfolio companies continue to exhibit strong fundamental performance and have seen an improvement in their access to capital. We believe we will see steady improvement in our net asset value. We also continue to consider strategic alternatives that might provide our stockholders with an investment vehicle that will trade at or close to net asset value.

As of November 30, 2009, the value of our investment portfolio (excluding short-term investments) was \$82.5 million including equity investments of \$73.7 million and debt investments of \$8.8 million. Our portfolio is diversified among approximately 61 percent midstream and downstream investments, 7 percent upstream, and 32 percent in aggregates and coal. The weighted average yield (to cost) on our investment portfolio (excluding short-term investments) as of November 30, 2009 was 6.9 percent. A summary of our investments follows:

Name of Portfolio	Nature of its	Securities	Amount	Fair	Current
Company (Segment)	Principal Business	Held by Us	Invested (in millions)	Value (in millions)(1)	Yield on Amount Invested(2)
Abraxas Petroleum Corporation (Upstream)(3)	Acquisition, development, exploration, and production of oil and gas principally in the Rocky Mountain, Mid-Continent, Permian Basin, and Gulf Coast regions of the United States	Unregistered Common Units	\$ 2.9	\$ 3.3	0.0%
Eagle Rock Energy Partners, L.P. (Upstream/Midstream)	Gatherer and processor of natural gas in north, south and east Texas and Louisiana and producer and developer of upstream and mineral assets located in 17 states	Unregistered Common Units (held in escrow)	0.7	0.2	0.7
EV Energy Partners, L.P. (Upstream)	Acquirer, producer and developer of oil and gas properties in the Appalachian Basin, the Monroe field in Louisiana, Michigan, the Austin Chalk, South Central Texas, the Permian Basin, the San Juan Basin and the Mid-continent area	Common Units	2.7	2.0	8.7
High Sierra Energy, LP (Midstream)	Marketing, processing, storage and transportation of hydrocarbons and processing and disposal of oilfield produced water with operations primarily in Colorado, Wyoming, Oklahoma, Florida and Mississippi	Common Units	24.8	24.5	10.6
High Sierra Energy GP, LLC (Midstream)(4)	General Partner of High Sierra Energy, LP	Equity Interest	2.0	1.8	3.0
International Resource Partners LP (Coal)	Operator of both metallurgical and steam coal mines and related assets in Central Appalachia	Class A Units	10.0	10.0	8.0
LONESTAR Midstream Partners, LP (Midstream)(5)	LONESTAR Midstream Partners, LP sold its assets to Penn Virginia Resource Partners, L.P. (PVR) in July 2008. LONESTAR has no continuing operations, but currently holds rights to receive future payments from PVR relative to the sale	Class A Units	3.0	1.1	N/A
LSMP GP, LP (Midstream)(5)	Indirectly owns General Partner of LONESTAR Midstream Partners, LP	GP LP Units	0.1	0.1	N/A
Mowood, LLC (Midstream/ Downstream)(6)	Natural gas distribution in central Missouri and landfill gas to energy projects	Equity interest	5.0	8.3	9.0
		Subordinated Debt	8.8	8.8	9.0
Quest Midstream Partners, L.P. (Midstream)(3)	Operator of natural gas gathering pipelines in the Cherokee Basin and interstate natural gas transmission pipelines in Oklahoma, Kansas and Missouri	Common Units	22.2	6.0	0.0
VantaCore Partners LP (Aggregates)	Acquirer and operator of aggregate companies, with quarry and asphalt operations in Clarksville, Tennessee and sand and gravel operations located near Baton Rouge, Louisiana	Common Units and Incentive Distribution Rights	18.4	16.4	9.6
			\$ 100.6	\$ 82.5	

(1) Fair value as of November 30, 2009.

(2) The current yield has been calculated by annualizing the most recent distribution during the period and dividing by the amount invested in the underlying security. Actual distributions to us are based on each company's available cash flow and are subject to change.

(3) Currently non-income producing.

- (4) Includes original purchase of 3 percent equity interest, sale of 0.6274 percent equity interest in July 2007 and subsequent capital calls.
- (5) LONESTAR Midstream Partners, LP sold its assets to Penn Virginia Resource Partners, L.P in July 2008. LONESTAR has no continuing operations, but currently holds rights to receive future payments from PVR relative to the sale. The cost basis and the fair value of the LONESTAR and LSMP GP, LP units as of November 30, 2009 are related to the potential receipt of those future payments. Since this investment is not deemed to be "active", the yield is not meaningful and we have excluded it from our weighted average yield to cost on investments as described below in Results of Operations.
- (6) Current yield represents an equity distribution on our invested capital. We expect that, pending cash availability, such equity distributions will recur on a quarterly basis at or above such yield.

Portfolio Company Monitoring

Our Adviser monitors each portfolio company to determine progress relative to meeting the company's business plan and to assess the company's strategic and tactical courses of action. This monitoring may be accomplished by attendance at Board of Directors meetings, ad hoc communications with company management, the review of periodic operating and financial reports, an analysis of relevant reserve information and capital expenditure plans, and periodic consultations with engineers, geologists, and other experts. The performance of each private portfolio company is also periodically compared to performance of similarly sized companies with comparable assets and businesses to assess performance relative to peers. Our Adviser's monitoring activities are expected to provide it with information that will enable us to monitor compliance with existing covenants, to enhance our ability to make qualified valuation decisions, and to assist our evaluation of the nature of the risks involved in each individual investment. In addition, these monitoring activities should enable our Adviser to diagnose and manage the common risk factors held by our total portfolio, such as sector concentration, exposure to a single financial sponsor, or sensitivity to a particular geography.

As part of the monitoring process, our Adviser continually assesses the risk profile of each of our private investments. We intend to disclose, as appropriate, those risk factors that we deem most relevant in assessing the risk of any particular investment. Such factors may include, but are not limited to, the investment's current cash distribution status, compliance with loan covenants, operating and financial performance, changes in the regulatory environment or other factors that we believe are useful in determining overall investment risk.

High Sierra Energy, LP ("High Sierra")

High Sierra is a holding company with diversified midstream energy assets focused on the processing, transportation, storage and marketing of hydrocarbons. The company's businesses include a natural gas liquids logistics and transportation business in Colorado, natural gas gathering and processing operations in Louisiana, a natural gas storage facility in Mississippi, an ethanol terminal in Nevada, crude and natural gas liquids trucking businesses in Kansas and Colorado, businesses providing crude oil gathering, transportation and marketing services, primarily focused in the Mid-Continent, Western and Gulf Coast regions, water treatment transportation and disposal businesses serving oil and gas producers in Wyoming and Oklahoma, and two asphalt processing, packaging and distribution terminals in Florida. We hold board of directors' observation rights for High Sierra.

High Sierra maintained its quarterly cash distribution of \$0.63 per unit, which was paid in November 2009. The company reported aggregate EBITDA results, before mark-to-market adjustments and minority interests, approximately at budget for the nine-month period ended September 30, 2009. Results within the various business units were mixed, with the energy marketing and water services units generally performing at or above budget. National Coal County, a water transportation and disposal service company acquired in 2007, continues to struggle with reported results significantly below expectations. The prolonged downturn of construction in Florida continues to produce lower results in High Sierra's asphalt business. Monroe Gas Storage, an underground natural gas storage joint venture, began commercial operations earlier this year. High Sierra continues to expand and strengthen its management team, naming a new Chief Financial Officer and Vice President of Human Resources in November.

International Resource Partners LP ("IRP")

IRP has surface and underground coal mine operations in southern West Virginia comprised of metallurgical and steam coal reserves, a coal washing and preparation plant, rail load-out facilities and a sales and marketing subsidiary. We hold board of director's observation rights for IRP.

Metallurgical coal pricing continues to show improvement with steam coal prices holding steady; however, concern remains over high inventory levels held by customers east of the Mississippi. IRP's operating results continue to exceed budgeted levels. Year-to-date EBITDA through September 30, 2009 was ahead of budget, driven largely by the strength of the company's sales and marketing arm which has seen significant improvements in its metallurgical coal export business. Throughout 2009, IRP implemented several changes to its mining operations, including contracting a surface mine operation to a high wall miner, resulting in improved operating profits. IRP has contracted its coal production for 2010, with steam prices fixed at 2009 levels and metallurgical coal prices subject to market price collars.

Mowood, LLC (“Mowood”)

Mowood is a holding company whose assets include Omega Pipeline, LLC (“Omega”) and Timberline Energy, LLC (“Timberline”). We hold virtually 100 percent of the equity interests in Mowood and currently hold a seat on its board of directors.

Omega is a natural gas local distribution company located on the Fort Leonard Wood military base in south central Missouri. Omega serves the natural gas and propane needs of Fort Leonard Wood and other customers in the surrounding area. Year-to-date through October 2009, Omega outperformed its budget and continued to have the expectation of beating its full year budget as expansion projects at Fort Leonard Wood enhanced revenues and profitability. Omega’s contracts have been, and continue to be, structured to minimize commodity exposure.

Timberline is an owner and developer of projects that convert landfill gas to energy. See the “Recent Developments” section for information regarding Mowood’s sale of Timberline to Landfill Energy Systems, LLC. Timberline has performed below budget for the year-to-date period as a result of startup operational issues. Timberline has been working to resolve its operational issues and to expand capacity at its existing locations. Timberline has structured its off-take contracts to eliminate or minimize commodity exposure in an effort to create more predictable performance.

Quest Midstream Partners, L.P. (“Quest Midstream”)

Quest Midstream was formed by the spin-off of Quest Resource Corporation’s (NASDAQ: QRCF) midstream coal bed methane natural gas gathering assets in the Cherokee Basin. Quest Midstream owns more than 2,000 miles of natural gas gathering pipelines (primarily serving Quest Energy Partners, L.P (NASDAQ: QELP), an affiliate) and over 1,100 miles of interstate natural gas transmission pipelines in Oklahoma, Kansas and Missouri. We hold a seat on Quest Midstream’s board of directors.

On July 6, 2009, Quest Midstream announced it entered into a definitive merger agreement pursuant to which it would recombine with QRCF and QELP. The transaction would result in a new publicly-traded company which is not expected to pay cash distributions. Under the terms of the merger agreement, current Quest Midstream equity holders would own approximately 44 percent of the new company. The new company’s strategy would be to pursue efficient development of unconventional resource plays, including coal bed methane in the Cherokee Basin of southeast Kansas and northeast Oklahoma and the Marcellus Shale in the Appalachian Basin.

On October 6, 2009, QRCF and QELP filed a Form S-4 Registration Statement to recombine with Quest Midstream as the newly formed PostRock Energy Corporation which is expected to be listed on the NASDAQ under the symbol “PSTR”. On December 17, 2009, an amendment to the Form S-4 was filed outlining updated results of the company and the terms of the various amendments to all three entities bank facilities which allow for the completion of the recombination under the terms agreed to by the board of directors of each entity. The amended credit agreements will allow Quest Midstream to complete and connect approximately one hundred wells in the Cherokee Basin along with other capital programs across their business segments. See the “Recent Developments” section for more information.

The merger would change the risk profile of our investment from primarily a gathering company to an integrated company that has increased drilling risk and commodity exposure. The recombination remains subject to the approval of the transaction by the unit holders of the three existing entities, which is expected to occur in the first quarter of 2010. If the recombination does not occur, we believe Quest Midstream would face significant operational risk created by a lower gathering rate in 2010 and reduced volumes from QELP, its primary customer.

VantaCore Partners LP (“VantaCore”)

VantaCore was formed to acquire companies in the aggregates industry and currently owns a quarry and asphalt plant in Clarksville, Tennessee and sand and gravel operations located near Baton Rouge, Louisiana. We hold a seat on VantaCore’s board of directors.

VantaCore reduced its quarterly cash distribution to \$0.475 per unit, the minimum quarterly distribution, in their second quarter and approved the same distribution for their most recent quarter, which was paid in November. The operating results at VantaCore’s Clarksville facility continue to exceed budget, supported by two large projects and activity at the Fort Campbell Military base. Overall construction activity in the area is down, but improvement is projected in 2010 as a result of spending programs under the government stimulus package. Southern Aggregates continues to report disappointing results with volumes well below historical numbers. VantaCore has made significant changes to Southern’s operations to reflect the lower volumes seen and VantaCore believes that 2010 will yield improved construction spending in the area.

Results of Operations

Set forth are the results of operations for the year ended November 30, 2009 as compared to the years ended November 30, 2008 and November 30, 2007.

Investment Income: Total investment income for the year ended November 30, 2009 was \$1,804,531 as compared to \$2,943,953 for the year ended November 30, 2008 and \$3,034,944 for the year ended November 30, 2007. The decrease in total investment income for the year ended November 30, 2009 is due to a decrease in total distributions received from our investments, primarily resulting from the sale of investments in order to reduce our leverage, as well as a decrease in distributions from a couple of our current holdings.

The weighted average yield (to cost) on our investment portfolio (excluding short-term investments) as of November 30, 2009 was 6.9 percent as compared to 8.0 percent at November 30, 2008 and 8.8 percent at November 30, 2007. The decrease in the weighted average yield to cost is generally related to two of our investments which are not paying distributions (Abraxas Petroleum Corporation and Quest Midstream Partners, L.P.), and a significant decrease in the per unit distribution from Eagle Rock Energy Partners, L.P.

Net Expenses: Net expenses for the year ended November 30, 2009 were \$2,665,813 as compared to \$4,309,048 for the year ended November 30, 2008 and \$5,042,050 for the year ended November 30, 2007. The decrease for the year ended November 30, 2009 is primarily attributed to lower base management fees due to a decrease in the fair value of our portfolio, a reduction in the capital gain incentive fee accrual, and lower leverage costs. The provision for capital gain incentive fees results from the increase or decrease in fair value and unrealized appreciation or depreciation on investments. During the year ended November 30, 2009, we accrued no capital gain incentive fees. Pursuant to the Investment Advisory Agreement, the capital gain incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. No capital gains fees were due or payable at November 30, 2009, November 30, 2008 or November 30, 2007.

Distributable Cash Flow: Our portfolio generates cash flow to us from which we pay distributions to stockholders. When our Board of Directors determines the amount of any distribution we expect to pay our stockholders, it will review distributable cash flow ("DCF"). DCF is distributions received from investments less our total expenses. The total distributions received from our investments include the amount received by us as cash distributions from equity investments, paid-in-kind distributions, and dividend and interest payments. Total expenses include current or anticipated operating expenses, leverage costs and current income taxes on our operating income. Total expenses do not include deferred income taxes or accrued capital gain incentive fees. Distributions paid to stockholders may exceed distributable cash flow for the period. We do not include in distributable cash flow the value of distributions received from portfolio companies which are paid in stock as a result of credit constraints, market dislocation or other similar issues.

We disclose DCF in order to provide supplemental information regarding our results of operations and to enhance our investors' overall understanding of our core financial performance and our prospects for the future. We believe that our investors benefit from seeing the results of DCF in addition to U.S. generally accepted accounting principles ("GAAP") information. This non-GAAP information facilitates management's comparison of current results with historical results of operations and with those of our peers. This information is not in accordance with, or an alternative to, GAAP and may not be comparable to similarly titled measures reported by other companies.

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The following table represents DCF for the years ended November 30, 2009, November 30, 2008 and November 30 2007:

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Distributable Cash Flow			
Total from Investments			
Distributions from investments	\$ 7,724,577	\$ 9,688,521	\$ 6,520,432
Distributions paid in stock(1)	—	2,186,767	295,120
Interest income from investments	807,848	1,103,059	921,978
Dividends from money market mutual funds	1,986	18,205	624,385
Other income	61,514	28,987	—
Total from Investments	8,595,925	13,025,539	8,361,915
Operating Expenses Before Leverage Costs			
Advisory fees (net of expense reimbursement by Adviser)	1,126,327	1,928,109	1,831,878
Other operating expenses (excluding capital gain incentive fees)	911,779	1,037,624	1,094,677
Total Operating Expenses, before leverage costs	2,038,106	2,965,733	2,926,555
Distributable cash flow before leverage costs	6,557,819	10,059,806	5,435,360
Leverage Costs	627,707	1,650,926	1,076,171
Distributable Cash Flow	\$ 5,930,112	\$ 8,408,880	\$ 4,359,189
Distributions paid on common stock	\$ 5,582,473	\$ 9,265,351	\$ 5,349,244
Payout percentage of period(2)	94%	110%	123%
DCF/GAAP Reconciliation			
Distributable Cash Flow	\$ 5,930,112	\$ 8,408,880	\$ 4,359,189
Adjustments to reconcile to Net Investment Loss, before			
Income Taxes:			
Distributions paid in stock	—	(2,186,767)	(295,120)
Return of capital on distributions received from equity investments	(6,791,394)	(7,894,819)	(5,031,851)
Capital gain incentive fees	—	307,611	(307,611)
Loss on redemption of preferred stock	—	—	(731,713)
Net Investment Loss, before Income Taxes	\$ (861,282)	\$ (1,365,095)	\$ (2,007,106)

(1) Distributions paid in stock for the year ended November 30, 2008 include paid-in-kind distributions from Lonestar Midstream Partners, LP, High Sierra Energy, LP and High Sierra Energy GP, LLC. Distributions paid in stock for the year ended November 30, 2007 include paid-in-kind distributions from Lonestar Midstream, LP.

(2) Distributions paid as a percentage of Distributable Cash Flow.

Distributions: The following table sets forth distributions for the three years ended November 30, 2009, November 30, 2008 and November 30, 2007.

Record Date	Payment Date	Amount
November 23, 2009	November 30, 2009	\$ 0.1300
August 24, 2009	September 1, 2009	\$ 0.1300
May 22, 2009	June 1, 2009	\$ 0.1300
February 23, 2009	March 2, 2009	\$ 0.2300
November 20, 2008	November 28, 2008	\$ 0.2650
August 21, 2008	September 2, 2008	\$ 0.2650
May 22, 2008	June 2, 2008	\$ 0.2625
February 21, 2008	March 3, 2008	\$ 0.2500

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November 23, 2007	November 30, 2007	\$ 0.2300
August 21, 2007	September 4, 2007	\$ 0.1800
May 22, 2007	June 1, 2007	\$ 0.1600
January 31, 2007	February 7, 2007	\$ 0.1000

Net Investment Loss: Net investment loss for the year ended November 30, 2009 was \$760,149 as compared to a net investment loss of \$978,493 for the year ended November 30, 2008 and net investment loss of \$1,565,774 for the year ended November 30, 2007. The decreased loss is primarily related to the decrease in net expenses described above.

Net Realized and Unrealized Gain (Loss): We had unrealized appreciation of \$21,177,019 (after deferred taxes) for the year ended November 30, 2009 as compared to unrealized depreciation of \$29,595,528 (after deferred taxes) for the year ended November 30, 2008 and \$6,548,370 in unrealized appreciation (after deferred taxes) for the year ended November 30, 2007. We had realized losses this year of \$20,405,876 (after deferred taxes) as compared to realized gains last year of \$6,203,788 (after deferred taxes) and \$161,380 (after deferred taxes) for the year ended November 30, 2007. The realized losses for the year ended November 30, 2009 are primarily attributable to the sales of publicly-traded securities which were sold to pay down debt.

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Recent Developments

On December 31, 2009, we received our expected cash distribution from LONESTAR of approximately \$804,000.

On February 8, 2010, Quest Resource Corporation (NASDAQ: QRCF) and Quest Energy Partners, L.P. (NASDAQ: QELP) announced the Securities and Exchange Commission declared the Registration Statement of PostRock Energy Corporation on Form S-4 effective. The Form S-4 registers with the SEC PostRock's common stock to be issued in connection with the pending merger of QRCF, QELP, and Quest Midstream Partners, L.P into PostRock, a new, publicly-traded corporation that would wholly own all three entities. Stockholders of record as of February 1, 2010 of QRCF and QELP will be entitled to vote upon the merger at stockholder meetings to be held on March 5, 2010.

On February 9, 2010, Mowood, LLC closed the sale of its wholly owned subsidiary, Timberline Energy, LLC, to Landfill Energy Systems, LLC. Timberline is an owner and developer of projects that convert landfill gas to energy. Mowood will continue its ownership and operation of Omega Pipeline Company, LLC (Omega), a local distribution company which serves the natural gas and propane needs of Fort Leonard Wood and other customers in south central Missouri. We received a partial distribution of proceeds in the amount of \$3.8 million (out of an expected total of approximately \$9.0 million), which we used to pay off the outstanding balance on our credit facility. We intend to invest the remaining \$5.2 million of the expected initial proceeds according to stated investment policies, which may include investments in publicly-traded securities as well as a potential investment in Omega to facilitate growth. Over the next two years, we could receive additional proceeds of up to \$2.4 million, based on contingent and escrow terms. We expect the immediate impact of the transaction to be neutral to distributable cash flow.

Liquidity and Capital Resources

We may raise additional capital to support our future growth through equity offerings, rights offerings, and issuances of senior securities or future borrowings to the extent permitted by the 1940 Act and our current credit facility and subject to market conditions. We generally may not issue additional common shares at a price below our net asset value (net of any sales load (underwriting discount)) without first obtaining approval of our stockholders and Board of Directors. We are restricted in our ability to incur additional debt by the terms of our credit facility.

Total leverage outstanding on our credit facility at November 30, 2009 was \$4,600,000, representing approximately 5 percent of total assets, including our net deferred tax asset. We are, and intend to remain, in compliance with our asset coverage ratios under the 1940 Act and our basic maintenance covenants under our credit facility.

Contractual Obligations

The following table summarizes our significant contractual payment obligations as of November 30, 2009.

	Total	Less than 1 year	Payments due by period		
			1-3 years	3-5 years	More than 5 years
Secured revolving credit facility(1)	\$ 4,600,000	—	\$ 4,600,000	—	—
	\$ 4,600,000	—	\$ 4,600,000	—	—

(1) At November 30, 2009, the outstanding balance under the credit facility was \$4,600,000, with a maturity date of February 20, 2010.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Borrowings

Effective June 20, 2009, we entered into a 60-day extension of our amended credit facility. The terms of the extension provided for a secured revolving credit facility of up to \$11,700,000. The credit agreement, as extended, had a termination date of August 20, 2009. Terms of the extensions required us to apply 100 percent of the proceeds from any private investment liquidation and 50 percent of the proceeds from the sale of any publicly traded portfolio assets to the outstanding balance of the facility. In addition, each prepayment of principal of the loans under the amended credit facility would permanently reduce the maximum amount of the loans under the amended credit agreement to an amount equal to the outstanding principal balance of the loans under the amended credit agreement immediately following the prepayment. During this extension, outstanding loan balances accrued interest at a variable rate equal to the greater of (i) one-month LIBOR plus 3.00 percent, and (ii) 5.50 percent.

On August 20, 2009, we entered into a six-month extension of our amended credit facility through February 20, 2010. Terms of the extension provide for a secured revolving facility of up to \$5,000,000. The amended credit facility requires us to apply 100 percent of the proceeds from the sale of any investment to the outstanding balance of the facility. In addition, each prepayment of principal of the loans under the amended credit facility will permanently reduce the maximum amount of the loans under the amended credit agreement to an amount equal to the outstanding principal balance of the loans under the amended credit agreement immediately following the prepayment. During this extension, outstanding loan balances generally accrue interest at a variable rate equal to the greater of (i) one-month LIBOR plus 3.00 percent, and (ii) 5.50 percent.

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For the year ended November 30, 2009, the average principal balance and interest rate for the period during which the credit facility was utilized were \$14,430,411 and 4.56 percent, respectively. As of November 30, 2009, the principal balance outstanding was \$4,600,000 at a rate of 5.50 percent.

Critical Accounting Policies

The financial statements included in this report are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex or subjective judgments. While our critical accounting policies are discussed below, Note 2 in the Notes to Financial Statements included in this report provides more detailed disclosure of all of our significant accounting policies.

Valuation of Portfolio Investments

We invest primarily in illiquid securities including debt and equity securities of privately-held companies. These investments generally are subject to restrictions on resale, have no established trading market and are fair valued on a quarterly basis. Because of the inherent uncertainty of valuation, the fair values of such investments, which are determined in accordance with procedures approved by our Board of Directors, may differ materially from the values that would have been used had a ready market existed for the investments.

Security Transactions and Investment Income Recognition

Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Distributions received from our equity investments generally are comprised of ordinary income, capital gains and return of capital from the portfolio company. We record investment income and returns of capital based on estimates made at the time such distributions are received. Such estimates are based on information available from each portfolio company and/or other industry sources. These estimates may subsequently be revised based on information received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions are not known until after our fiscal year end.

Federal and State Income Taxation

We, as a corporation, are obligated to pay federal and state income tax on our taxable income. Our tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business activities contain elements of market risk. We consider fluctuations in the value of our equity securities and the cost of capital under our credit facility to be our principal market risk.

We carry our investments at fair value, as determined by our Board of Directors. The fair value of securities is determined using readily available market quotations from the principal market if available. The fair value of securities that are not publicly-traded or whose market price is not readily available is determined in good faith by our Board of Directors. Because there are no readily available market quotations for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our Board of Directors under a valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have readily available market quotations, the fair value of our investments may differ significantly from the fair values that would have been used had a ready market quotation existed for such investments, and these differences could be material.

As of November 30, 2009, the fair value of our investment portfolio (excluding short-term investments) totaled \$82,483,094. We estimate that the impact of a 10 percent increase or decrease in the fair value of these investments, net of capital gain incentive fees and related deferred taxes, would increase or decrease net assets applicable to common stockholders by approximately \$5,154,369.

Debt investments in our portfolio may be based on floating or fixed rates. Loans bearing a floating interest rate are usually based on LIBOR and, in most cases, a spread consisting of additional basis points. The interest rates for these debt instruments typically have one to six-month durations and reset at the current market interest rates. As of November 30, 2009, we had no floating rate debt investments outstanding.

We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements and financial statement schedules are set forth beginning on pages F-1 in this Annual Report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A (T). CONTROLS AND PROCEDURES

As of November 30, 2009, we are a non-accelerated filer. This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has established and maintains comprehensive systems of internal control that provide reasonable assurance as to the consistency, integrity, and reliability of the preparation and presentation of financial statements and the safeguarding of assets. The concept of reasonable assurance is based upon the recognition that the cost of the controls should not exceed the benefit derived. Management monitors the systems of internal control and maintains an internal auditing program that assesses the effectiveness of internal control. Management assessed the Company's disclosure controls and procedures and the Company's systems of internal control over financial reporting for financial presentations in conformity with U.S. generally accepted accounting principles. This assessment was based on criteria for effective internal control established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Report).

Based on this assessment, management believes that the Company maintained effective systems of internal control that provided reasonable assurance as to adequate design and effective operation of the Company's disclosure controls and procedures and the Company's systems of internal control over financial reporting for financial presentations in conformity with U.S. generally accepted accounting principles as of November 30, 2009.

The Board of Directors exercises its oversight role with respect to the Company's systems of internal control primarily through its Audit and Valuation Committee, which is comprised solely of independent outside directors. The Committee oversees the Company's systems of internal control and financial reporting to assess whether their quality, integrity, and objectivity are sufficient to protect shareholders' investments.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) during the fiscal quarter ended November 30, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference to our proxy statement for our 2010 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to our proxy statement for our 2010 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to our proxy statement for our 2010 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to our proxy statement for our 2010 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference to our proxy statement for our 2010 Annual Stockholder Meeting to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Annual Report.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report on Form 10-K:

1. The Financial Statements listed in the Index to Financial Statements on Page F-1.
2. The Exhibits listed in the Exhibit Index below.

Exhibit

No.	Description of Document
3.1	Articles of Incorporation(1)
3.2	Articles Supplementary(2)
3.3	Bylaws(3)
4.1	Form of Stock Certificate(2)
4.2	Form of Warrant dated December 2006(2)
4.3	Registration Rights Agreements with Merrill Lynch & Co; Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Stifel, Nicolaus & Company, Incorporated dated January 9, 2006(1)
4.4	Registration Rights Agreement dated April 2007(4)
10.1	Dividend Reinvestment Plan(5)
10.2	Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. dated January 1, 2007(2)
10.3	Expense Reimbursement and Partial Fee Waiver Agreement dated as of November 30, 2007 by and among Tortoise Capital Resources Corporation and Tortoise Capital Advisors, LLC(6)
10.4	Sub-Advisory Agreement with Kenmont Investments Management, L.P. dated January 1, 2007(2)
10.5	Custody Agreement with U.S. Bank National Association dated September 13, 2005(1)
10.6	Stock Transfer Agency Agreement with Computershare Investor Services, LLC dated September 13, 2005(1)
10.7	Administration Agreement with Tortoise Capital Advisors, L.L.C. dated November 14, 2006(2)
10.8	Warrant Agreement with Computershare Investor Services, LLC as Warrant Agent dated December 8, 2005(1)
10.9	Credit Agreement dated April 23, 2007(7)
10.10	First Amendment to Credit Agreement dated July 18, 2007(8)
10.11	Second Amendment to Credit Agreement dated September 28, 2007(9)
10.12	Security Agreement dated April 23, 2007(7)
10.13	Third Amendment to Credit Agreement, dated as of March 21, 2008, by and among Tortoise Capital Resources Corporation and U.S. Bank, N.A. as a lender, agent and lead arranger, Bank of Oklahoma, N.A. and First National Bank of Kansas(10)

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10.14	Fourth Amendment to Credit Agreement, dated as of March 28, 2008, by and among Tortoise Capital Resources Corporation and U.S. Bank, N.A. as a lender, agent and lead arranger, First National Bank of Kansas and Wells Fargo Bank, N.A.(11)
10.15	Expense Reimbursement Agreement dated as of November 11, 2008 by and among Tortoise Capital Resources Corporation and Tortoise Capital Advisors, LLC(12)
10.16	Fifth Amendment to Credit Agreement, dated as of March 20, 2009, by and among Tortoise Capital Resources Corporation, U.S. Bank, N.A. and First National Bank of Kansas(13)
10.17	Sixth Amendment to Credit Agreement, dated as of June 20, 2009, by and among Tortoise Capital Resources Corporation and U.S. Bank, N.A.(14)
10.18	Seventh Amendment to Credit Agreement, dated as of August 20, 2009, by and among Tortoise Capital Resources Corporation and U.S. Bank, N.A.(15)
10.19	Investment Advisory Agreement, dated September 15, 2009, between Tortoise Capital Resources Corporation and Tortoise Capital Advisors, L.L.C.(16)

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10.20	Sub-Advisory Agreement with Kenmont Investments Management, L.P. dated September 15, 2009—filed herewith.
14.1	Code of Ethics for Principal Executive Officer and Principal Financial Officer—filed herewith.
24	Power of Attorney (included on the signature page).
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—filed herewith.
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—filed herewith.
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002—filed herewith.

- (1) Incorporated by reference to the Registrant's Registration Statement on Form N-2, filed August 28, 2006 (File No. 333-136923).
- (2) Incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-2, filed January 9, 2007 (File No. 333-136923).
- (3) Incorporated by reference to the Registrant's current report on Form 8-K, filed January 21, 2009.
- (4) Incorporated by reference to Pre-Effective Amendment No. 1 to the Registrant's Registration Statement on Form N-2, filed July 3, 2007 (File No. 333-142859).
- (5) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended August 31, 2007 and filed on October 12, 2007.
- (6) Incorporated by reference to the Registrant's current report on Form 8-K, filed December 6, 2007.
- (7) Incorporated by reference to the Registrant's current report on Form 8-K, filed April 27, 2007.
- (8) Incorporated by reference to the Registrant's current report on Form 8-K, filed July 20, 2007.
- (9) Incorporated by reference to the Registrant's current report on Form 8-K, filed October 3, 2007.
- (10) Incorporated by reference to the Registrant's current report on Form 8-K, filed March 27, 2008.
- (11) Incorporated by reference to the Registrant's current report on Form 8-K, filed April 1, 2008.
- (12) Incorporated by reference to the Registrant's current report on Form 8-K, filed November 12, 2008.
- (13) Incorporated by reference to the Registrant's current report on Form 8-K, filed March 26, 2009.
- (14) Incorporated by reference to the Registrant's current report on Form 8-K, filed June 24, 2009.
- (15) Incorporated by reference to the Registrant's current report on Form 8-K, filed August 25, 2009.
- (16) Incorporated by reference to the Registrant's current report on Form 8-K, filed September 18, 2009.

All other exhibits for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instruction or are inapplicable and therefore have been omitted.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Tortoise Capital Resources Corporation

We have audited the accompanying statements of assets and liabilities of Tortoise Capital Resources Corporation (the Company), including the schedules of investments, as of November 30, 2009 and 2008, and the related statements of operations, changes in net assets, and cash flows for each of the three years in the period ended November 30, 2009, the financial highlights for each of the three years in the period ended November 30, 2009, and for the period from December 8, 2005 (commencement of operations) through November 30, 2006. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2009, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tortoise Capital Resources Corporation at November 30, 2009 and 2008, the results of its operations, changes in its net assets, its cash flows for each of the three years in the period ended November 30, 2009, and the financial highlights for each of the three years in the period ended November 30, 2009, and for the period from December 8, 2005 (commencement of operations) through November 30, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Kansas City, Missouri
February 16, 2010

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Tortoise Capital Resources Corporation

STATEMENTS OF ASSETS & LIABILITIES

	November 30, 2009	November 30, 2008
Assets		
Investments at fair value, control (cost \$28,180,070 and \$30,418,802, respectively)	\$ 33,458,046	\$ 30,213,280
Investments at fair value, affiliated (cost \$52,676,299 and \$56,662,500, respectively)	41,658,847	48,016,925
Investments at fair value, non-affiliated (cost \$9,568,566 and \$49,760,304, respectively)	8,865,047	27,921,025
Total investments (cost \$90,424,935 and \$136,841,606, respectively)	83,981,940	106,151,230
Income tax receivable	—	212,054
Receivable for Adviser expense reimbursement	49,843	88,925
Interest receivable from control investments	—	76,609
Dividends receivable	87	696
Deferred tax asset, net	5,429,391	5,683,747
Prepaid expenses and other assets	16,792	107,796
Total assets	89,478,053	112,321,057
Liabilities		
Base management fees payable to Adviser	299,060	533,552
Accrued expenses and other liabilities	282,408	362,205
Short-term borrowings	4,600,000	22,200,000
Total liabilities	5,181,468	23,095,757
Net assets applicable to common stockholders	\$ 84,296,585	\$ 89,225,300
Net Assets Applicable to Common Stockholders Consist of:		
Warrants, no par value; 945,594 issued and outstanding at November 30, 2009 and November 30, 2008 (5,000,000 authorized)	\$ 1,370,700	\$ 1,370,700
Capital stock, \$0.001 par value; 9,078,090 shares issued and outstanding at November 30, 2009 and 8,962,147 issued and outstanding at November 30, 2008 (100,000,000 shares authorized)	9,078	8,962
Additional paid-in capital	101,929,307	106,869,132
Accumulated net investment loss, net of income taxes	(3,304,416)	(2,544,267)
Accumulated realized gain (loss), net of income taxes	(14,041,614)	6,364,262
Net unrealized depreciation of investments, net of income taxes	(1,666,470)	(22,843,489)
Net assets applicable to common stockholders	\$ 84,296,585	\$ 89,225,300
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	\$ 9.29	\$ 9.96

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

SCHEDULE OF INVESTMENTS

November 30, 2009

Company	Segment	Type of Investment	Cost	Fair Value
Control Investments(1)				
Mowood, LLC	Midstream/	Equity Interest (99.5%)(2)	\$ 4,077,499	\$ 8,253,910
	Downstream	Subordinated Debt (9% Due 12/31/09)(2)	8,800,000	8,800,000
VantaCore Partners LP	Aggregates	Common Units (933,430)(2)	15,158,630	16,256,482
		Incentive Distribution Rights (988)(2)(5)	143,941	147,654
Total Control Investments — 39.7%(3)			28,180,070	33,458,046
Affiliated Investments(4)				
High Sierra Energy, LP	Midstream	Common Units (1,042,685)(2)	20,729,255	24,461,390
International Resource Partners LP	Coal	Class A Units (500,000)(2)	9,333,333	9,984,402
LONESTAR Midstream Partners, LP	Midstream	Class A Units (1,327,900)(2)(5)(6)	2,952,626	1,102,000
LSMP GP, LP	Midstream	GP LP Units (180)(2)(5)(6)	138,521	124,000
Quest Midstream Partners, L.P.	Midstream	Common Units (1,216,881)(2)(5)	19,522,564	5,987,055
Total Affiliated Investments — 49.4%(3)			52,676,299	41,658,847
Non-affiliated Investments				
Abraxas Petroleum Corporation	Upstream	Unregistered Common Units (1,946,376)(2)(5)(7)	2,895,234	3,297,009
Eagle Rock Energy Partners, L.P.	Midstream/	Unregistered Common Units (54,474)(2)(7)(8)	723,447	253,559
	Upstream			
EV Energy Partners, L.P.	Upstream	Common Units (78,900)(7)	2,447,552	2,039,565
High Sierra Energy GP, LLC	Midstream	Equity Interest (2.37%)(2)	2,003,487	1,776,068
Fidelity Institutional Government Portfolio	Short-term investment	Class I Shares	1,498,846	1,498,846
Total Non-affiliated Investments — 10.5%(3)			9,568,566	8,865,047
Total Investments — 99.6%(3)			\$90,424,935	\$83,981,940

(1) Control investments are generally defined under the Investment Company Act of 1940 as companies in which at least 25% of the voting securities are owned; see Note 8 to the financial statements for further disclosure.

(2) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$80,443,529, which represents 95.4% of net assets applicable to common stockholders; see Note 7 to the financial statements for further disclosure.

(3) Calculated as a percentage of net assets applicable to common stockholders.

(4) Affiliated investments are generally defined under the Investment Company Act of 1940 as companies in which at least 5% of the voting securities are owned. Affiliated investments in which at least 25% of the voting securities are owned are generally defined as control investments as described in footnote 1; see Note 8 to the financial statements for further disclosure.

(5) Currently non-income producing.

(6) In July 2008, LONESTAR Midstream Partners, LP sold its assets to Penn Virginia Resource Partners, L.P. (PVR). LONESTAR has no continuing operations, but currently holds certain rights to receive future payments from PVR relative to the sale. LSMP GP, LP indirectly owns the general partner of LONESTAR Midstream Partners, LP. See Note 9 to the financial statements for additional information.

(7) Publicly-traded company.

(8) Units are held in an escrow account to satisfy any potential claims from the purchaser of Millennium Midstream Partners, L.P. The escrow agreement terminates April 1, 2010. See Note 9 to the financial statements for additional information.

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

SCHEDULE OF INVESTMENTS

November 30, 2008

Company	Energy Infrastructure Segment	Type of Investment	Cost	Fair Value
Control Investments(1)				
Mowood, LLC	Midstream/Downstream	Equity Interest (99.6%)(2)	\$ 5,000,000	\$ 5,739,087
		Subordinated Debt (12% Due 7/1/2016)(2)	7,050,000	7,050,000
		Promissory Notes (9% Due 12/31/08)(2)	1,235,000	1,235,000
VantaCore Partners LP	Aggregates	Common Units (933,430)(2)	16,989,861	15,868,310
		Incentive Distribution Rights (988)(2)(6)	143,941	320,883
Total Control Investments — 33.9%(3)			30,418,802	30,213,280
Affiliated Investments(4)				
High Sierra Energy, LP	Midstream	Common Units (1,042,685)(2)(5)	22,930,679	19,550,336
International Resource Partners LP	Coal	Class A Units (500,000)(2)	8,933,333	9,500,000
LONESTAR Midstream Partners, LP	Midstream	Class A Units (1,327,900)(2)(6)(7)	4,444,986	4,000,000
LSMP GP, LP	Midstream	GP LP Units (180)(2)(6)(7)	168,514	500,000
Quest Midstream Partners, L.P.	Midstream	Common Units (1,180,946)(2)(6)	20,184,988	14,466,589
Total Affiliated Investments — 53.8%(3)			56,662,500	48,016,925
Non-affiliated Investments				
Abraxas Energy Partners, L.P.	Upstream	Common Units (450,181)(2)	6,742,023	4,051,629
Eagle Rock Energy Partners, L.P.	Midstream/Upstream	Common Units (659,071)(8)	9,892,328	5,219,842
Eagle Rock Energy Partners, L.P.	Midstream/Upstream	Unregistered Common Units (373,224)(2)(8)	5,044,980	2,896,218
Eagle Rock Energy Partners, L.P.	Midstream/Upstream	Unregistered Common Units (212,404)(2)(8)(9)	2,920,555	1,548,425
EV Energy Partners, L.P.	Upstream	Common Units (217,391)(8)	7,247,077	2,869,561
High Sierra Energy GP, LLC	Midstream	Equity Interest (2.37%)(2)(5)	2,010,355	1,898,080
Legacy Reserves LP	Upstream	Limited Partner Units (264,705)(8)	3,454,771	2,384,992
Penn Virginia Resource Partners, L.P.	Midstream/Coal	Unregistered Common Units (468,001)(2)(8)	10,437,920	6,027,853
Penn Virginia GP Holdings, L.P.	Midstream/Coal	Unregistered Common Units (59,503)(2)(8)	1,649,923	664,053
First American Government Obligations Fund	Short-term investment	Class Y shares	360,372	360,372
Total Non-affiliated Investments — 31.3%(3)			49,760,304	27,921,025
Total Investments — 119.0%(3)			\$ 136,841,606	\$ 106,151,230

(1) Control investments are generally defined under the Investment Company Act of 1940 as companies in which at least 25% of the voting securities are owned; see Note 8 to the financial statements for further disclosure.

(2) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of \$95,316,463, which represents 106.8% of net assets applicable to common stockholders; see Note 7 to the financial statements for further disclosure.

(3) Calculated as a percentage of net assets applicable to common stockholders.

(4) Affiliated investments are generally defined under the Investment Company Act of 1940 as companies in which at least 5% of the voting securities are owned. Affiliated investments in which at least 25% of the voting securities are owned are generally defined as control investments as described in footnote 1; see Note 8 to the financial statements for further disclosure.

(5) Security distributions are paid-in-kind.

(6) Currently non-income producing.

(7) In July 2008, LONESTAR Midstream Partners, LP sold its assets to Penn Virginia Resource Partners, L.P. (PVR). LONESTAR has no continuing operations, but currently holds certain rights to receive future payments from PVR relative to the sale. LSMP GP, LP indirectly owns the general partner of LONESTAR Midstream Partners, LP. See Note 9 to the financial statements for additional information.

(8) Publicly-traded company.

(9) Units are held in an escrow account, along with restricted cash, to satisfy any potential claims from the purchaser of Millennium Midstream Partners, L.P. The escrow agreement terminates April 1, 2010. See Note 9 to the financial statements for additional information.

See accompanying Notes to Financial Statements.

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Tortoise Capital Resources Corporation

STATEMENT OF OPERATIONS

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Investment Income			
Distributions from investments			
Control investments	\$ 2,270,189	\$ 1,576,716	\$ 389,720
Affiliated investments	3,379,159	4,699,082	4,245,481
Non-affiliated investments	2,075,229	3,412,723	1,885,231
Total distributions from investments	7,724,577	9,688,521	6,520,432
Less return of capital on distributions	(6,791,394)	(7,894,819)	(5,031,851)
Net distributions from investments	933,183	1,793,702	1,488,581
Interest income from control investments	807,848	1,103,059	921,978
Dividends from money market mutual funds	1,986	18,205	624,385
Fee income	61,514	—	—
Other income	—	28,987	—
Total Investment Income	1,804,531	2,943,953	3,034,944
Operating Expenses			
Base management fees	1,351,593	2,313,731	1,926,059
Capital gain incentive fees (Note 4)	—	(307,611)	307,611
Professional fees	553,856	642,615	727,055
Administrator fees	63,074	107,325	81,002
Directors' fees	90,257	86,406	84,609
Reports to stockholders	61,130	58,943	53,610
Fund accounting fees	31,968	34,546	32,183
Registration fees	31,306	29,668	40,660
Custodian fees and expenses	16,928	17,426	10,174
Stock transfer agent fees	13,506	13,538	13,600
Other expenses	49,754	47,157	51,784
Total Operating Expenses	2,263,372	3,043,744	3,328,347
Interest expense	627,707	1,650,926	847,421
Loss on redemption of preferred stock	—	—	228,750
Preferred stock distributions	—	—	731,713
Total Interest Expense, Loss on Redemption of Preferred Stock and Preferred Stock Distributions	627,707	1,650,926	1,807,884
Total Expenses	2,891,079	4,694,670	5,136,231
Less expense reimbursement by Adviser	(225,266)	(385,622)	(94,181)
Net Expenses	2,665,813	4,309,048	5,042,050
Net Investment Loss, before Income Taxes	(861,282)	(1,365,095)	(2,007,106)
Current tax benefit (expense)	—	(6,881)	261,667
Deferred tax benefit	101,133	393,483	179,665
Income tax benefit, net	101,133	386,602	441,332
Net Investment Loss	(760,149)	(978,493)	(1,565,774)

Tortoise Capital Resources Corporation

STATEMENT OF OPERATIONS

(Continued)

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Realized and Unrealized Gain (Loss) on Investments			
Net realized gain (loss) on investments, before			
income taxes	\$ (23,120,748)	\$ 8,716,197	\$ 260,290
Deferred tax benefit (expense)	2,714,872	(2,512,409)	(98,910)
Net realized gain (loss) on investments	(20,405,876)	6,203,788	161,380
Net unrealized appreciation (depreciation) of control			
investments	5,483,497	(2,976,609)	2,771,088
Net unrealized appreciation (depreciation) of affiliated			
investments	(2,371,877)	(11,145,652)	2,262,736
Net unrealized appreciation (depreciation) of			
non-affiliated investments	21,135,760	(27,458,859)	5,528,064
Net unrealized appreciation (depreciation), before			
income taxes	24,247,380	(41,581,120)	10,561,888
Deferred tax benefit (expense)	(3,070,361)	11,985,592	(4,013,518)
Net unrealized appreciation (depreciation)			
of investments	21,177,019	(29,595,528)	6,548,370
Net Realized and Unrealized Gain (Loss) on Investments	771,143	(23,391,740)	6,709,750
Net Increase (Decrease) in Net Assets Applicable to			
Common Stockholders Resulting from Operations	\$ 10,994	\$ (24,370,233)	\$ 5,143,976
Net Increase (Decrease) in Net Assets			
Applicable to Common Stockholders			
Resulting from Operations Per Common Share:			
Basic and Diluted	\$ 0.00(1)	\$ (2.74)	\$ 0.66
Weighted Average Shares of Common Stock Outstanding:			
Basic and Diluted	8,997,145	8,887,085	7,751,591

(1) Less than \$0.01 per share.

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Operations			
Net investment loss	\$ (760,149)	\$ (978,493)	\$ (1,565,774)
Net realized gain (loss) on investments	(20,405,876)	6,203,788	161,380
Net unrealized appreciation (depreciation) of investments	21,177,019	(29,595,528)	6,548,370
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	10,994	(24,370,233)	5,143,976
Distributions to Common Stockholders			
Return of capital	(5,582,473)	(9,265,351)	(5,349,244)
Total distributions to common stockholders	(5,582,473)	(9,265,351)	(5,349,244)
Capital Stock Transactions			
Proceeds from initial public offering of 5,740,000 common shares	—	—	86,100,000
Proceeds from issuance of 185,000 warrants	—	—	283,050
Proceeds from exercise of 11,350 warrants	—	—	170,250
Proceeds from exercise of 180 warrants	—	2,700	—
Underwriting discounts and offering expenses associated with the issuance of common stock	—	—	(7,006,341)
Issuance of 115,943, 103,799 and 18,222 common shares from reinvestment of distributions to stockholders, respectively	642,764	945,218	242,873
Net increase in net assets, applicable to common stockholders, from capital stock transactions	642,764	947,918	79,789,832
Total increase (decrease) in net assets applicable to common stockholders	(4,928,715)	(32,687,666)	79,584,564
Net Assets			
Beginning of year	89,225,300	121,912,966	42,328,402
End of year	\$ 84,296,585	\$ 89,225,300	\$ 121,912,966
Accumulated net investment loss, net of income taxes, at the end of year	\$ (3,304,416)	\$ (2,544,267)	\$ (1,565,774)

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

STATEMENTS OF CASH FLOWS

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Cash Flows From Operating Activities			
Distributions received from investments	\$ 7,668,062	\$ 9,688,521	\$ 6,520,432
Interest and dividend income received	885,284	1,106,776	1,535,673
Fee income received	55,000	—	—
Purchases of long-term investments	(6,612,878)	(37,817,772)	(114,999,341)
Proceeds from sales of long-term investments	24,312,558	48,568,485	640,656
Proceeds from (purchases of) short-term investments, net	(1,138,474)	(140,878)	5,211,912
Interest expense paid	(674,245)	(1,736,407)	(665,865)
Distributions to preferred stockholders	—	—	(228,750)
Operating expenses paid	(1,955,510)	(3,001,292)	(2,438,378)
Net cash provided by (used in) operating activities	22,539,797	16,667,433	(104,423,661)
Cash Flows from Financing Activities			
Issuance of common stock (including warrant exercises)	—	2,700	86,270,250
Common stock issuance costs	—	—	(6,841,555)
Issuance of preferred stock	—	—	18,216,950
Redemption of preferred stock	—	—	(18,870,000)
Preferred stock issuance costs	—	—	(78,663)
Issuance of warrants	—	—	283,050
Advances from revolving line of credit	900,000	22,750,000	46,450,000
Repayments on revolving line of credit	(18,500,000)	(31,100,000)	(15,900,000)
Distributions paid to common stockholders	(4,939,797)	(8,320,133)	(5,106,371)
Net cash provided by (used in) financing activities	(22,539,797)	(16,667,433)	104,423,661
Net change in cash	—	—	—
Cash — beginning of year	—	—	—
Cash — end of year	\$ —	\$ —	\$ —

Tortoise Capital Resources Corporation

STATEMENTS OF CASH FLOWS

(Continued)

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Reconciliation of net increase (decrease) in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities			
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	\$ 10,994	\$ (24,370,233)	\$ 5,143,976
Adjustments to reconcile net increase (decrease) in net assets applicable to common stockholders resulting from operations to net cash provided by (used in) operating activities:			
Purchases of long-term investments	(6,669,391)	(36,592,256)	(116,235,335)
Return of capital on distributions received	6,791,394	7,894,819	5,031,851
Proceeds from sales of long-term investments	24,312,558	48,568,485	640,656
Proceeds from (purchases of) short-term investments, net	(1,138,474)	(140,878)	5,211,912
Accrued capital gain incentive fees payable to Adviser	—	(307,611)	307,611
Deferred income taxes, net	254,356	(9,866,666)	3,932,763
Amortization of issuance costs	—	18,553	9,900
Realized (gain) loss on investments	23,120,748	(8,716,197)	(260,290)
Loss on redemption of preferred stock	—	—	731,713
Net unrealized (appreciation) depreciation of investments	(24,247,380)	41,581,120	(10,561,888)
Changes in operating assets and liabilities:			
Increase in income tax receivable	—	—	(218,935)
(Increase) decrease in interest, dividend and distribution receivable	77,218	(7,200)	(1,860)
Decrease in income tax receivable	212,054	—	—
(Increase) decrease in prepaid expenses and other assets	91,004	(92,432)	72,074
Increase (decrease) in current tax liability	—	6,881	(86,386)
Increase (decrease) in base management fees payable to Adviser, net of expense reimbursement	(195,410)	(26,278)	358,140
Increase (decrease) in payable for investments purchased	—	(1,235,994)	1,235,994
Increase (decrease) in accrued expenses and other liabilities	(79,874)	(46,680)	264,443
Total adjustments	22,528,803	41,037,666	(109,567,637)
Net cash provided by (used in) operating activities	\$ 22,539,797	\$ 16,667,433	\$ (104,423,661)
Non-Cash Financing Activities			
Reinvestment of distributions by common stockholders in additional common shares	\$ 642,764	\$ 945,218	\$ 242,873

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

FINANCIAL HIGHLIGHTS

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007	Period from December 8, 2005(1) through November 30, 2006
Per Common Share Data(2)				
Net Asset Value, beginning of period	\$ 9.96	\$ 13.76	\$ 13.70	\$ —
Initial offering price				15.00
Underwriting discounts and offering costs on issuance of common shares			0.01	(1.22)
Income (loss) from Investment Operations:				
Net investment income (loss)(3)	(0.08)	(0.11)	(0.18)	0.21
Net realized and unrealized gain (loss) on investments(3)	0.03	(2.65)	0.90	0.05
Total increase (decrease) from investment operations	(0.05)	(2.76)	0.73	0.26
Less Distributions to Common Stockholders:				
Net investment income				(0.21)
Return of capital	(0.62)	(1.04)	(0.67)	(0.13)
Total distributions to common stockholders	(0.62)	(1.04)	(0.67)	(0.34)
Net Asset Value, end of period	\$ 9.29	\$ 9.96	\$ 13.76	\$ 13.70
Per common share market value, end of period	\$ 6.23	\$ 5.21	\$ 11.66	N/A
Total Investment Return, including capital gain incentive fees, based on net asset value(4)	4.19%	(18.83)%	5.35%	(6.39)%
Total Investment Return, excluding capital gain incentive fees, based on net asset value(4)	4.19%	(20.93)%	5.57%	(6.39)%
Total Investment Return, based on market value(5)	33.57%	(49.89)%	19.05%	N/A

(1) Commencement of Operations.

(2) Information presented relates to a share of common stock outstanding for the entire period.

(3) The per common share data for the years ended November 30, 2008, November 30, 2007 and the period from December 8, 2005 through November 30, 2006 do not reflect the change in estimate of investment income and return of capital, for the respective period, as described in Note 2D.

(4) Not annualized for periods less than one year. Total investment return is calculated assuming a purchase of common stock at the initial offering price or net asset value per share as of the beginning of the period, reinvestment of distributions at net asset value, and a sale at net asset value at the end of the period.

(5) Not annualized for periods less than one year. Total investment return is calculated assuming a purchase of common stock at the initial public offering price, or market value at the beginning of the period, reinvestment of distributions at actual prices pursuant to the Company's dividend reinvestment plan or market value, as applicable, and a sale at the current market price on the last day of the year (excluding brokerage commissions). Our common shares began trading on the New York Stock Exchange under the symbol "TTO" on February 2, 2007 at a price of \$15.00 per share.

Tortoise Capital Resources Corporation

FINANCIAL HIGHLIGHTS

(Continued)

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007	Period from December 8, 2005(1) through November 30, 2006
Supplemental Data and Ratios				
Net assets applicable to common stockholders, end of period (000's)	\$ 84,297	\$ 89,225	\$ 121,913	\$ 42,328
Ratio of expenses (including current and deferred income tax expense (benefit) and capital gain incentive fees) to average net assets(6)(7)(8)	3.48%	(5.72)%	8.35%	3.64%
Ratio of expenses (excluding current and deferred income tax expense (benefit)) to average net assets(6)(8)(9)	3.18%	4.44%	4.69%	2.40%
Ratio of expenses (excluding current and deferred income tax expense (benefit)) and capital gain incentive fees) to average net assets(6)(9)(10)	3.18%	4.76%	4.40%	2.40%
Ratio of net investment income (loss) to average net assets before current and deferred income tax expense (benefit) and capital gain incentive fees(6)(9)(10)	(1.03)%	(1.73)%	(1.58)%	2.71%
Ratio of net investment income (loss) to average net assets before current and deferred income tax expense (benefit)(6)(8)(9)	(1.03)%	(1.41)%	(1.87)%	2.71%
Ratio of net investment income (loss) to average net assets after current and deferred income tax expense (benefit) and capital gain incentive fees(6)(7)(8)	(1.33)%	8.76%	(5.52)%	1.47%
Portfolio turnover rate(6)	7.43%	24.55%	0.62%	9.51%
Short-term borrowings, end of period (000's)	\$ 4,600	\$ 22,200	\$ 30,550	—
Asset coverage, per \$1,000 of short-term borrowings(11)	\$ 19,325	\$ 5,019	\$ 4,991	N/A
Asset coverage ratio of short-term borrowings(11)	1933%	502%	499%	N/A

(6) Annualized for periods less than one full year.

(7) For the year ended November 30, 2009, the Company accrued \$254,356 in deferred income tax expense, net. For the year ended November 30, 2008, the Company accrued \$6,881 in current tax expense and \$9,866,666 in deferred tax benefit, net. For the year ended November 30, 2007, the Company accrued \$261,667 in current income tax benefit and \$3,932,763 in deferred income tax expense. For the period from December 8, 2005 through November 30, 2006, the Company accrued \$265,899 in current income tax expense and \$250,156 in deferred income tax expense.

(8) For the years ended November 30, 2009 and November 30, 2008, the Company accrued no capital gain incentive fees. For the year ended November 30, 2007, the Company accrued \$307,611 as a provision for capital gain incentive fees. For the period from December 8, 2005 through November 30, 2006, the Company accrued no capital gain incentive fees.

(9) The ratio excludes the impact of current and deferred income taxes.

(10) The ratio excludes the impact of capital gain incentive fees.

(11) Represents value of total assets less all liabilities and indebtedness not represented by short-term borrowings at the end of the year divided by short-term borrowings outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Tortoise Capital Resources Corporation

NOTES TO FINANCIAL STATEMENTS

November 30, 2009

1. Organization

Tortoise Capital Resources Corporation (the “Company”) was organized as a Maryland corporation on September 8, 2005, and is a non-diversified closed-end management investment company focused on the U.S. energy infrastructure sector. The Company invests primarily in privately held and micro-cap public companies operating in the midstream and downstream segments, and to a lesser extent the upstream and coal/aggregates segments, of the energy infrastructure sector. The Company is regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company does not report results of operations internally on an operating segment basis. The Company is externally managed by Tortoise Capital Advisors, L.L.C. (the “Adviser”), an investment adviser specializing in the energy sector. The Company’s shares are listed on the New York Stock Exchange under the symbol “TTO.”

2. Significant Accounting Policies

A. Use of Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of distribution income and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

B. Investment Valuation — The Company invests primarily in illiquid securities including debt and equity securities of privately-held companies. These investments generally are subject to restrictions on resale, have no established trading market and are fair valued on a quarterly basis. Because of the inherent uncertainty of valuation, the fair values of such investments, which are determined in accordance with procedures approved by the Company’s Board of Directors, may differ materially from the values that would have been used had a ready market existed for the investments. The Company’s Board of Directors may consider other methods of valuing investments as appropriate and in conformity with U.S. generally accepted accounting principles.

Consistent with ASC 820 Fair Value Measurements, the Company determines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Also, in accordance with ASC 820, the Company has determined the principal market, or the market in which the Company exits its private portfolio investments with the greatest volume and level of activity, to be the private secondary market. Typically, private companies are bought and sold based on multiples of EBITDA, cash flows, net income, revenues, or in limited cases, book value.

For private company investments, value is often realized through a liquidity event of the entire company. Therefore, the value of the company as a whole (enterprise value) at the reporting date often provides the best evidence of the value of the investment and is the initial step for valuing the Company’s privately issued securities. For any one company, enterprise value may best be expressed as a range of fair values, from which a single estimate of fair value will be derived. In determining the enterprise value of a portfolio company, the Company prepares an analysis consisting of traditional valuation methodologies including market and income approaches. The Company considers some or all of the traditional valuation methods based on the individual circumstances of the portfolio company in order to derive its estimate of enterprise value.

The fair value of investments in private portfolio companies is determined based on various factors, including enterprise value, observable market transactions, such as recent offers to purchase a company, recent transactions involving the purchase or sale of the equity securities of the company, or other liquidation events. The determined equity values will generally be discounted when the Company has a minority position, is subject to restrictions on resale, has specific concerns about the receptivity of the capital markets to a specific company at a certain time, or other comparable factors exist.

For equity and equity-related securities that are freely tradable and listed on a securities exchange or over-the-counter market, the Company fair values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company will use the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ will be valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

An equity security of a publicly traded company acquired in a private placement transaction without registration is subject to restrictions on resale that can affect the security's liquidity and fair value. Such securities that are convertible into or otherwise will become freely tradable will be valued based on the market value of the freely tradable security less an applicable discount. Generally, the discount will initially be equal to the discount at which the Company purchased the securities. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be used to determine the discount.

The Board of Directors undertakes a multi-step valuation process each quarter in connection with determining the fair value of private investments:

- An independent valuation firm engaged by the Board of Directors to provide independent, third-party valuation consulting services performs certain procedures that the Board of Directors has identified and asked it to perform on a selection of private investments as determined by the Board of Directors. For the period ended November 30, 2009, the independent valuation firm performed positive assurance valuation procedures on six portfolio companies comprising approximately 94 percent of the total restricted investments at fair value as of November 30, 2009;
- The preliminary valuations and supporting analyses are initially reviewed by the investment professionals of the Adviser;
- The Investment Committee of the Adviser reviews the preliminary valuations, and considers and assesses, as appropriate, any changes that may be required to the preliminary valuations;
- The Board of Directors assesses the valuations and ultimately determines the fair value of each investment in the Company's portfolio in good faith.

C. Interest and Fee Income — Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. When investing in instruments with an original issue discount or payment-in-kind interest (in which case the Company chooses payment-in-kind in lieu of cash), the Company will accrue interest income during the life of the investment, even though the Company will not necessarily be receiving cash as the interest is accrued. Fee income will include fees, if any, for due diligence, structuring, commitment and facility fees, transaction services, consulting services and management services rendered to portfolio companies and other third parties. Commitment and facility fees generally are recognized as income over the life of the underlying loan, whereas due diligence, structuring, transaction service, consulting and management service fees generally are recognized as income when services are rendered. For the year ended November 30, 2009, the Company received \$61,514 in fee income. For the years ended November 30, 2008 and November 30, 2007, the Company received no fee income.

D. Security Transactions and Investment Income — Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Distributions received from the Company's investments in limited partnerships and limited liability companies generally are comprised of ordinary income, capital gains and return of capital. The Company records investment income, capital gains and return of capital based on estimates made at the time such distributions are received. Such estimates are based on information available from each company and/or other industry sources. These estimates may subsequently be revised based on information received from the entities after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year end of the Company.

During the year ended November 30, 2009, the Company reallocated the amount of 2008 investment income and return of capital it recognized based on the 2008 tax reporting information received from the individual portfolio companies. This reallocation amounted to a decrease in pre-tax net investment income of approximately \$1,415,000 or \$0.157 per share (\$895,000 or \$0.099 per share, net of deferred tax benefit), an increase in unrealized appreciation of approximately \$1,580,000 or \$0.175 per share (\$999,000 or \$0.111 per share, net of deferred tax expense) and a decrease in realized gains of approximately \$165,000 or \$0.018 per share (\$104,000 or \$0.012 per share, net of deferred tax benefit).

E. Distributions to Stockholders — The amount of any quarterly distributions will be determined by the Board of Directors. Distributions to stockholders are recorded on the ex-dividend date. The Company may not declare or pay distributions to its common stockholders if it does not meet asset coverage ratios required under the 1940 Act. The character of distributions made during the year may differ from their ultimate characterization for federal income tax purposes. For the year ended November 30, 2009, the Company's distributions, for book and tax purposes, were comprised of 100 percent return of capital. For the year ended November 30, 2008, the Company's distributions, for book purposes, were comprised of 100 percent return of capital, and for tax purposes were comprised of 3.2 percent investment income and 96.8 percent return of capital. For the year ended November 30, 2007, the Company's distributions, for book and tax purposes, were comprised of 100 percent return of capital.

F. Federal and State Income Taxation — The Company, as a corporation, is obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35 percent; however, the Company anticipates a marginal

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effective tax rate of 34 percent due to expectations of the level of taxable income relative to the federal graduated tax rates, including the tax rate anticipated when temporary differences reverse. The Company may be subject to a 20 percent federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

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The Company invests its assets primarily in limited partnerships or limited liability companies which are treated as partnerships for federal and state income tax purposes. As a limited partner, the Company reports its allocable share of taxable income in computing its own taxable income. The Company's tax expense or benefit is included in the Statement of Operations based on the component of income or gains (losses) to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized, if based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

G. Organization Expenses and Offering Costs — The Company was responsible for paying all organization expenses, which were expensed as incurred. Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued.

H. Indemnifications — Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business, the Company may enter into contracts that provide general indemnification to other parties. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred, and may not occur. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

I. Recent Accounting Pronouncements

Codification of Accounting Standards

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification™ and Hierarchy of Generally Accepted Accounting Principles ("SFAS 168"). SFAS 168 introduced a new Accounting Standard Codification ("ASC" or "Codification") which organized current and future accounting standards into a single codified system. The Codification became the source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification is nonauthoritative. GAAP is not intended to be changed as a result of this statement, but will change the way the guidance is organized and presented. The Company has implemented the Codification in the financial statements by providing references to the ASC topics.

Standard on Subsequent Events

In May 2009, FASB issued ASC 855-10, Subsequent Events. ASC 855-10 provides guidance on management's assessment of subsequent events and requires additional disclosure about the timing of management's assessment of subsequent events. ASC 855-10 did not significantly change the accounting requirements for the reporting of subsequent events. ASC 855-10 was effective for interim or annual financial periods ending after June 15, 2009. The adoption of ASC 855-10 did not have a material impact on the Company's financial statements.

Standard on Financial Instruments

In April 2009, FASB issued ASC Topic 825, Financial Instruments. The April 2009 guidance requires disclosures about financial instruments, including fair value, carrying amount, and method and significant assumptions used to estimate the fair value. The adoption of this standard did not affect the Company's financial position or results of operations.

Standard on Fair Value Measurement

In August 2009, FASB issued Accounting Standard Update No. 2009-05 ("ASU 2009-05"), Measuring Liabilities at Fair Value. The August 2009 update provides clarification to ASC 820, Fair Value Measurements and Disclosures, for the valuation techniques required to measure the fair value of liabilities. ASU 2009-05 also provides clarification around required inputs to the fair value measurement of a liability and definition of a Level 1 liability. ASU 2009-05 is effective for interim and annual periods beginning after August 28, 2009. The Company does not anticipate that the adoption of this standard will have a material effect on the Company's financial position and results of operations.

On January 21, 2010, the FASB issued an ASU, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements which provides guidance on how investment assets and liabilities are to be valued and disclosed. Specifically, the amendment requires reporting entities to disclose i) the input and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements, for Level 2 or Level 3 positions ii) transfers between all levels (including Level 1 and Level 2) will be required to be disclosed on a gross basis (i.e. transfers out must be disclosed separately from transfers in) as well as the reason(s) for the transfer and iii) purchases, sales, issuances and settlements must be shown on a gross basis in the Level 3 rollforward rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2009 however, the requirement to provide the Level 3 activity for purchases, sales, issuances and settlements on a gross basis will be effective for interim and annual periods beginning after December 15, 2010. At this time the Company is evaluating the implications of the amendment to ASC 820 and the impact to the financial statements.

3. Concentration of Risk

The Company invests primarily in privately-held and micro-cap public companies focused on the midstream and downstream segments, and to a lesser extent the upstream and coal/aggregates segments, of the U.S. energy infrastructure sector. The Company may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent the Company uses this strategy it may not achieve its investment objective.

4. Agreements

For the period from December 1, 2008 through September 14, 2009, the Company had an Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. Under the terms of the agreement, the Adviser is paid a fee consisting of a base management fee and an incentive fee.

On September 15, 2009, the Company entered into a new Investment Advisory Agreement with the Adviser as a result of a change in control of the Adviser and the previous Investment Advisory Agreement with the Adviser automatically terminated. The terms of the new Investment Advisory Agreement are substantially identical to the terms of the previous Investment Advisory Agreement, except for the effective and termination dates, and simply continue the relationship between the Company and Adviser.

The base management fee is 0.375 percent (1.5 percent annualized) of the Company's average monthly Managed Assets, calculated and paid quarterly in arrears within thirty days of the end of each fiscal quarter. The term "Managed Assets" as used in the calculation of the management fee means total assets (including any assets purchased with or attributable to borrowed funds but excluding any net deferred tax asset) minus accrued liabilities other than (1) net deferred tax liabilities, (2) debt entered into for the purpose of leverage and (3) the aggregate liquidation preference of any outstanding preferred shares. The base management fee for any partial quarter is appropriately prorated.

On November 30, 2007, the Company entered into an Expense Reimbursement and Partial Fee Waiver Agreement with the Adviser. Under the terms of the agreement, the Adviser reimbursed the Company for certain expenses incurred beginning September 1, 2007 and ending December 31, 2008 in an amount equal to an annual rate of 0.25 percent of the Company's average monthly Managed Assets. On November 11, 2008, the Company entered into an Expense Reimbursement Agreement with the Adviser, for which the Adviser will reimburse the Company for certain expenses incurred beginning January 1, 2009 and ending December 31, 2009 in an amount equal to an annual rate of 0.25 percent of the Company's average monthly Managed Assets. During the years ended November 30, 2009, November 30, 2008 and November 30, 2007, the Company reimbursed the Adviser \$225,266, \$385,622 and \$94,181, respectively.

The incentive fee consists of two parts. The first part, the investment income fee, is equal to 15 percent of the excess, if any, of the Company's Net Investment Income for the fiscal quarter over a quarterly hurdle rate equal to 2 percent (8 percent annualized), and multiplied, in either case, by the Company's average monthly Net Assets for the quarter. "Net Assets" means the Managed Assets less deferred taxes, debt entered into for the purposes of leverage and the aggregate liquidation preference of any outstanding preferred shares. "Net Investment Income" means interest income (including accrued interest that we have not yet received in cash), dividend and distribution income from equity investments (but excluding that portion of cash distributions that are treated as a return of capital), and any other income (including any fees such as commitment, origination, syndication, structuring, diligence, monitoring, and consulting fees or other fees that the Company is entitled to receive from portfolio companies) accrued during the fiscal quarter, minus the Company's operating expenses for such quarter (including the base management fee, expense reimbursements payable pursuant to the Investment Advisory Agreement, any interest expense, any accrued income taxes related to net investment income, and distributions paid on issued and outstanding preferred stock, if any, but excluding the incentive fee payable). Net Investment Income also includes, in the case of investments with a deferred interest or income feature (such as original issue discount, debt or equity instruments with a payment-in-kind feature, and zero coupon securities), accrued income that the Company has not yet received in cash. Net Investment Income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. The investment income fee is calculated and payable quarterly in arrears within thirty (30) days of the end of each fiscal quarter. The investment income fee calculation is adjusted appropriately on the basis of the number of calendar days in the first fiscal quarter the fee accrues or the fiscal quarter during which the Agreement is in effect in the event of termination of the Agreement during any fiscal quarter. During the years ended November 30, 2009, November 30, 2008, and November 30, 2007, the Company accrued no investment income fees.

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The second part of the incentive fee payable to the Adviser, the capital gain incentive fee, is equal to: (A) 15 percent of (i) the Company's net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from inception to the end of each fiscal year, less (ii) any unrealized capital depreciation at the end of such fiscal year, less (B) the aggregate amount of all capital gain fees paid to the Adviser in prior fiscal years. The capital gain incentive fee is calculated and payable annually within thirty (30) days of the end of each fiscal year. In the event the Investment Advisory Agreement is terminated, the capital gain incentive fee calculation shall be undertaken as of, and any resulting capital gain incentive fee shall be paid within thirty (30) days of the date of termination. The Adviser may, from time to time, waive or defer all or any part of the compensation described in the Investment Advisory Agreement.

The calculation of the capital gain incentive fee does not include any capital gains that result from that portion of any scheduled periodic distributions made possible by the normally recurring cash flow from the operations of portfolio companies ("Expected Distributions") that are characterized by the Company as return of capital for U.S. generally accepted accounting principles purposes. In that regard, any such return of capital will not be treated as a decrease in the cost basis of an investment for purposes of calculating the capital gain incentive fee. This does not apply to any portion of any distribution from a portfolio company that is not an Expected Distribution. Realized capital gains on a security will be calculated as the excess of the net amount realized from the sale or other disposition of such security over the adjusted cost basis for the security. Realized capital losses on a security will be calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the adjusted cost basis of such security. Unrealized capital depreciation on a security will be calculated as the amount by which the Company's adjusted cost basis of such security exceeds the fair value of such security at the end of a fiscal year.

The payable for capital gain incentive fees is a result of the increase or decrease in the fair value of investments and realized gains or losses from investments. For the year ended November 30, 2009, the Company accrued no capital gain incentive fees. For the year ended November 30, 2008, the Company decreased the capital gain incentive fee payable by \$307,611 as a result of the decrease in the fair value of investments during the period. For the year ended November 30, 2007, the Company accrued \$307,611 in capital gain incentive fees. Pursuant to the Investment Advisory Agreement, the capital gain incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. No capital gain incentive fees have been paid to date.

The Company has engaged U.S. Bancorp Fund Services, LLC to serve as the Company's fund accounting services provider. The Company pays the provider a monthly fee computed at an annual rate of \$24,000 on the first \$50,000,000 of the Company's Net Assets, 0.0125 percent on the next \$200,000,000 of Net Assets and 0.0075 percent on the balance of the Company's Net Assets.

The Adviser has been engaged as the Company's administrator. The Company pays the administrator a fee equal to an annual rate of 0.07 percent of aggregate average daily Managed Assets up to and including \$150,000,000, 0.06 percent of aggregate average daily Managed Assets on the next \$100,000,000, 0.05 percent of aggregate average daily Managed Assets on the next \$250,000,000, and 0.02 percent on the balance. This fee is calculated and accrued daily and paid quarterly in arrears.

Computershare Trust Company, N.A. serves as the Company's transfer agent, dividend paying agent, and agent for the automatic dividend reinvestment plan.

U.S. Bank, N.A. serves as the Company's custodian. The Company pays the custodian a monthly fee computed at an annual rate of 0.015 percent on the first \$200,000,000 of the Company's portfolio assets and 0.01 percent on the balance of the Company's portfolio assets, subject to a minimum annual fee of \$4,800.

5. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Company's deferred tax assets and liabilities as of November 30, 2009 and November 30, 2008 are as follows:

	November 30, 2009	November 30, 2008
Deferred tax assets:		
Organization costs	\$ (24,456)	\$ (26,160)
Net unrealized loss on investment securities	(2,416,767)	(11,287,920)
Capital loss	(6,084,585)	—
Net operating loss carryforwards	(5,112,040)	(3,319,098)
AMT and State of Kansas credit	(5,039)	—
Valuation allowance	3,038,089	2,814,891
	(10,604,798)	(11,818,287)
Deferred tax liabilities:		
Basis reduction of investment in partnerships	5,175,407	6,134,540

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Total net deferred tax (asset) liability	\$	(5,429,391)	\$	(5,683,747)
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At November 30, 2009, the Company has recorded a valuation allowance in the amount of \$3,038,089 for a portion of its deferred tax asset which it does not believe will, more likely than not, be realized. The Company estimates, based on existence of sufficient evidence, primarily regarding the amount and timing of distributions to be received from portfolio companies, the ability to realize the remainder of its deferred tax assets. Any adjustments to such estimates will be made in the period such determination is made.

For the year ended November 30, 2009, the Company re-evaluated its tax filing positions during the year and has determined that there are no unrecognized tax positions and therefore no penalties and interest are accrued. The Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. The Company does not expect any change to its unrecognized tax positions over the next twelve months subsequent to November 30, 2009. All tax years since inception remain open to examination by federal and state tax authorities.

Total income tax benefit differs from the amount computed by applying the federal statutory income tax rate of 34 percent to net investment income (loss) and realized and unrealized gains (losses) on investments before taxes as follows:

	For the year ended November 30, 2009	For the year ended November 30, 2008	For the year ended November 30, 2007
Application of statutory income tax rate	\$ 90,219	\$ (11,638,206)	\$ 2,997,124
State income taxes, net of federal taxes	9,314	(951,595)	354,031
Preferred dividends	—	—	86,925
Loss on redemption of preferred stock	—	—	278,051
Change in prior year tax expense	—	1,842	(45,035)
Change in accrual for state income taxes	(68,375)	(86,717)	—
Change in deferred tax valuation allowance	223,198	2,814,891	—
Total income tax expense (benefit)	\$ 254,356	\$ (9,859,785)	\$ 3,671,096

The provision for income taxes is computed by applying the federal statutory rate plus a blended state income tax rate. During the year ended November 30, 2009, the Company re-evaluated its overall federal and state income tax rate, increasing it from 36.78 percent to 37.51 percent primarily due to a change in accrual for state income taxes. The increase in tax rate resulted in a \$68,375 decrease to deferred tax expense. The components of income tax include the following for the periods presented:

	For the year ended November 30, 2009	For the year ended November 30, 2008	For the year ended November 30, 2007
Current tax expense (benefit)			
Federal	\$ —	\$ 6,361	\$ (240,141)
State	—	520	(21,526)
Total current expense (benefit)	—	6,881	(261,667)
Deferred tax expense (benefit)			
Federal	230,554	(9,120,898)	3,557,206
State	23,802	(745,768)	375,557
Total deferred expense (benefit)	254,356	(9,866,666)	3,932,763
Total tax expense (benefit)	\$ 254,356	\$ (9,859,785)	\$ 3,671,096

The deferred income tax expense (benefit) for the years ended November 30, 2009 and November 30, 2008 includes the impact of the change in valuation allowance for such respective periods.

As of November 30, 2009, the Company had a net operating loss for federal income tax purposes of approximately \$14,025,000. The net operating loss may be carried forward for 20 years. If not utilized, this net operating loss will expire as follows: \$3,911,000, \$3,369,000 and \$6,745,000 in the years 2027, 2028 and 2029, respectively. As of November 30, 2009, the Company had a capital loss carryforward of approximately \$16,000,000 which may be carried forward for 5 years. If not utilized, this capital loss will expire in the year ending November 30, 2014. The capital loss for the year ended November 30, 2009 has been estimated based on information currently available. Such estimate is subject to revision upon receipt of 2009 tax reporting information from the individual MLPs. For corporations, capital losses can only be used to offset capital gains and cannot be used to offset ordinary income. As of November 30, 2008, an alternative minimum tax credit of \$3,109 was available, which may be credited in the future against regular income tax. This credit may be carried forward indefinitely.

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The aggregate cost of securities for federal income tax purposes and securities with unrealized appreciation and depreciation, were as follows:

	November 30, 2009	November 30, 2008
Aggregate cost for federal income tax purposes	\$ 76,627,528	\$ 120,148,896
Gross unrealized appreciation	15,304,091	4,302,974
Gross unrealized depreciation	(7,949,679)	(18,300,640)
Net unrealized appreciation (depreciation)	\$ 7,354,412	\$ (13,997,666)

6. Fair Value of Financial Instruments

Various inputs are used in determining the fair value of the Company's investments. These inputs are summarized in the three broad levels listed below:

- Level 1 — quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 — significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Valuation Techniques

In general, and where applicable, the Company uses readily available market quotations based upon the last updated sales price from the principal market to determine fair value. This pricing methodology applies to the Company's Level 1 investments.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the "1933 Act"), is subject to restrictions on resale that can affect the security's fair value. If such a security is convertible into publicly-traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions. This pricing methodology applies to the Company's Level 2 investments.

For private company investments, value is often realized through a liquidity event of the entire company. Therefore, the value of the company as a whole (enterprise value) at the reporting date often provides the best evidence of the value of the investment and is the initial step for valuing the Company's privately issued securities. For any one company, enterprise value may best be expressed as a range of fair values, from which a single estimate of fair value will be derived. In determining the enterprise value of a portfolio company, the Company prepares an analysis consisting of traditional valuation methodologies including market and income approaches. The Company considers some or all of the traditional valuation methods based on the individual circumstances of the portfolio company in order to derive its estimate of enterprise value. This pricing methodology applies to the Company's Level 3 investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table provides the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of November 30, 2009. These assets are measured on a recurring basis.

Description	Fair Value at November 30, 2009	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets		
		(Level 1)	(Level 2)	(Level 3)
Equity Investments	\$ 73,683,094	\$ 2,039,565	\$ 3,297,009	\$ 68,346,520
Debt Investments	8,800,000	—	—	8,800,000
Short-Term Investments	1,498,846	1,498,846	—	—
Total Investments	\$ 83,981,940	\$ 3,538,411	\$ 3,297,009	\$ 77,146,520

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) for Investments
Year Ended November 30, 2009

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Fair value beginning balance		\$ 85,728,339
Total realized and unrealized gains (losses) included in net increase in net assets applicable to common stockholders		2,575,505
Net purchases, sales, issuances and settlements		(4,423,273)
Return of capital adjustments impacting cost basis of security		(6,734,051)
Transfers into (out of) Level 3		—
Fair value ending balance		\$ 77,146,520
The amount of total gains (losses) for the period included in net increase in net assets applicable to common stockholders attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date		\$ 4,087,478

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Description	Fair Value at November 30, 2008	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 106,151,230	\$ 10,834,767	\$ 9,588,124	\$ 85,728,339

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) for Investments		Year Ended November 30, 2008	
Fair value beginning balance		\$	131,513,004
Total unrealized gains (losses) included in net increase (decrease) in net assets applicable to common stockholders			(9,006,873)
Net purchases, issuances and settlements			(30,878,067)
Return of capital adjustments impacting cost basis of security			(5,899,725)
Transfers in (out) of Level 3			
Fair value ending balance		\$	85,728,339

The amount of total gains or losses for the period included in net increase (decrease) in net assets applicable to common stockholders attributable to the change in unrealized gains or losses relating to assets still held at the reporting date			(17,592,003)
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7. Restricted Securities

Certain of the Company's investments are restricted and are valued as determined in accordance with procedures established by the Board of Directors and more fully described in Note 2. The following tables show the equity interest, number of units or principal amount, the acquisition date(s), acquisition cost (excluding return of capital adjustments), fair value per unit of such securities and fair value as percent of net assets applicable to common stockholders as of November 30, 2009 and November 30, 2008.

November 30, 2009		Equity Interest, Units or Principal	Acquisition Date(s)	Acquisition Cost	Fair Value Per Unit	Fair Value as Percent of Net Assets
Investment Security		Amount	Date(s)	Cost	Unit	Assets
Abraxas Petroleum Corporation	Unregistered Common Units	1,946,376	10/5/09	\$ 2,895,234	\$ 1.69	3.9%
Eagle Rock Energy Partners, L.P.(1)	Unregistered Common Units	54,474	10/1/08	749,018	4.65	0.3
High Sierra Energy, LP	Common Units	1,042,685	11/2/06-11/15/08	24,828,836	23.46	29.0
High Sierra Energy GP, LLC	Equity Interest	2.37%	11/2/06-5/1/07	2,015,969	N/A	2.1
International Resource Partners LP	Class A Units	500,000	6/12/07	10,000,000	19.97	11.8
LONESTAR Midstream Partners, LP(2)	Class A Units	1,327,900	7/27/07- 4/2/08	2,952,626	0.83	1.3
LSMP GP, LP(2)	GP LP Units	180	7/27/07- 4/2/08	138,521	688.89	0.2
Mowood, LLC	Equity Interest	99.5%	6/5/06-8/4/08	5,000,000	N/A	9.8
	Subordinated Debt	\$ 8,800,000	6/5/06-12/8/08	8,800,000	N/A	10.4
Quest Midstream Partners, L.P.	Common Units	1,180,946	12/22/06-11/1/07	22,200,001	4.92	7.1
VantaCore Partners LP	Common Units	933,430	5/21/07-8/4/08	18,270,449	17.42	19.3
	Incentive Distribution Rights	988	5/21/07-8/4/08	143,936	149.45	0.2
				\$ 97,994,590		95.4%

- (1) Units are held in an escrow account to satisfy any potential claims from the purchaser of Millennium Midstream Partners, L.P. The escrow agreement terminates April 1, 2010. See Note 9—Investment Transactions for additional information.
- (2) See Note 9—Investment Transactions for additional information.

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		Equity Interest, Units or Principal	Acquisition Date(s)	Acquisition Cost	Fair Value Per Unit	Fair Value as Percent of Net Assets
Investment Security		Amount				
Abraxas Energy Partners, L.P.	Common Units	450,181	5/25/07	\$ 7,500,015	\$ 9.00	4.5%
Eagle Rock Energy Partners, L.P.	Unregistered Common Units	373,224	10/1/08	5,044,980	7.76	3.3
Eagle Rock Energy Partners, L.P.(1)	Unregistered Common Units	212,404	10/1/08	2,920,555	7.29	1.7
High Sierra Energy, LP(2)	Common Units	1,042,685	11/2/06-11/15/08	24,828,836	18.75	21.9
High Sierra Energy GP, LLC(2)	Equity Interest	2.37%	11/2/06-5/1/07	2,015,969	N/A	2.1
International Resource Partners LP	Class A Units	500,000	6/12/07	10,000,000	19.00	10.6
LONESTAR Midstream Partners, LP(3)	Class A Units	1,327,900	7/27/07- 4/2/08	4,444,986	3.01	4.5
LSMP GP, LP(3)	GP LP Units	180	7/27/07- 4/2/08	168,514	2,777.78	0.6
Mowood, LLC	Equity Interest	99.6%	6/5/06-8/4/08	5,000,000	N/A	6.4
	Subordinated Debt	\$ 7,050,000	6/5/06-6/29/07	7,050,000	N/A	7.9
	Promissory Notes	\$ 1,235,000	9/26/08-11/26/08	1,235,000	N/A	1.4
Penn Virginia Resource Partners, L.P.	Unregistered Common Units	468,001	7/24/08	10,786,113	12.88	6.8
Penn Virginia GP Holdings, L.P.	Unregistered Common Units	59,503	7/24/08	1,680,746	11.16	0.7
Quest Midstream Partners, L.P.	Common Units	1,180,946	12/22/06-11/1/07	22,200,001	12.25	16.2
VantaCore Partners LP	Common Units	933,430	5/21/07-8/4/08	18,270,449	17.00	17.8
	Incentive Distribution Rights	988	5/21/07-8/4/08	143,936	324.78	0.4
				\$ 123,290,100		106.8%

- (1) Units are held in an escrow account to satisfy any potential claims from the purchaser of Millennium Midstream Partners, L.P. The escrow agreement terminates April 1, 2010. See Note 9—Investment Transactions for additional information.
- (2) Distributions have been paid in cash historically; however, distributions were paid in additional High Sierra Energy, LP common units during the quarters ended August 31, 2008 and November 30, 2008.
- (3) See Note 9—Investment Transactions for additional information.

8. Investments in Affiliates and Control Entities

Investments representing 5 percent or more of the outstanding voting securities of a portfolio company result in that company being considered an affiliated company, as defined in the 1940 Act. Investments representing 25 percent or more of the outstanding voting securities of a portfolio company result in that company being considered a control company, as defined in the 1940 Act. The aggregate fair value of all securities of affiliates and controlled entities held by the Company as of November 30, 2009 amounted to \$75,116,893, representing 89.1 percent of net assets applicable to common stockholders. The aggregate fair value of all securities of affiliates and controlled entities held by the Company as of November 30, 2008 amounted to \$78,230,205, representing 87.7 percent of net assets applicable to common stockholders. A summary of affiliated transactions for each company which is or was an affiliate or controlled entity at November 30, 2009 or during the year then ended and at November 30, 2008 or during the year then ended is as follows:

	Units/Equity Interest/Principal		Gross Additions	Gross (Reductions)	Realized Gain/(Loss)	Gross Distributions or Interest Received	Units/Equity Interest/Principal Fair Value	
	Balance 11/30/08						Balance 11/30/09	11/30/09
High Sierra Energy, LP	1,042,685	\$		\$		\$ 2,579,159	1,042,685	\$ 24,461,390
International Resource Partners LP	500,000					800,000	500,000	9,984,402
LONESTAR Midstream Partners, LP(1)(2)	1,327,900			(1,128,428)	(363,932)		1,327,900	1,102,000
LSMP GP, LP(1)(2)	180			(55,353)	25,360		180	124,000
Mowood, LLC Subordinated Debt	\$ 7,050,000	1,750,000				807,848	\$ 8,800,000	8,800,000
Mowood, LLC Promissory Notes	\$ 1,235,000			(1,235,000)				
Mowood, LLC Equity Interest	99.6%					450,000	99.5%	8,253,910
Quest Midstream Partners, L.P.(2)	1,180,946						1,216,881	5,987,055
VantaCore Partners LP								
Common Units	933,430					1,820,189	933,430	16,256,482
VantaCore Partners LP								
Incentive Distribution Rights(2)	988						988	147,654
		\$ 1,750,000	\$ (2,418,781)	\$ (338,572)	\$ 6,457,196			\$ 75,116,893

- (1) See Note 9—Investment Transactions for additional information.
- (2) Currently non-income producing. Additional units held at 11/30/09 resulted from paid-in-kind distribution to private investors in October 2009.

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	Units/Equity Interest/Principal Balance	Gross Additions	Gross (Reductions)	Realized Gain/(Loss)	Gross Distributions or Interest Received	Units/Equity Interest/Principal Balance	Fair Value
	11/30/07					11/30/08	11/30/08
High Sierra Energy, LP(1)	999,614	\$ —	\$ —	\$ —	\$ 1,219,529	1,042,685	\$ 19,550,336
International Resource Partners LP	500,000	—	—	—	800,000	500,000	9,500,000
LONESTAR Midstream Partners, LP(2)	1,184,532	1,477,140	(21,531,919)	1,104,244	—	1,327,900	4,000,000
LSMP GP, LP(2)	180	22,860	(1,411,450)	1,007,962	—	180	500,000
Millennium Midstream Partners, LP Class A Common Units	875,000	—	(21,652,616)	6,491,491	1,207,500	—	—
Millennium Midstream Partners, LP Incentive Distribution Rights	78	—	—	—	—	—	—
Mowood, LLC Subordinated Debt	\$ 7,050,000	—	—	—	796,141	\$ 7,050,000	7,050,000
Mowood, LLC Promissory Notes	—	1,235,000	—	—	—	\$ 1,235,000	1,235,000
Mowood, LLC Equity Interest	100%	3,500,000	—	—	472,501	99.6%	5,739,087
Quest Midstream Partners, L.P.(3)	1,180,946	—	—	—	1,472,053	1,180,946	14,466,589
VantaCore Partners LP Subordinated Debt	\$ 3,750,000	—	(3,862,500)	112,500	306,918	—	—
VantaCore Partners LP Common Units	425,000	9,822,845	—	—	1,104,215	933,430	15,868,310
VantaCore Partners LP Incentive Distribution Rights	789	91,540	—	—	—	988	320,883
		\$ 16,149,385	\$ (48,458,485)	\$ 8,716,197	\$ 7,378,857		\$ 78,230,205

- (1) Distributions have been paid in cash historically; however, distributions were paid in additional High Sierra Energy, LP common units during the quarters ended August 31, 2008 and November 30, 2008.
- (2) See Note 9—Investment Transactions for additional information.
- (3) Currently non-income producing. The Board of Directors of Quest Midstream GP, LLC determined that no distribution would be paid on the units of Quest Midstream Partners, LP during the quarter ended November 30, 2008.

9. Investment Transactions

For the year ended November 30, 2009, the Company purchased (at cost) securities in the amount of \$6,669,391 and sold securities (at proceeds) in the amount of \$24,312,558 (excluding short-term debt securities). For the year ended November 30, 2008, the Company purchased (at cost) securities in the amount of \$36,592,256 and sold securities (at proceeds) in the amount of \$48,568,485 (excluding short-term debt securities). For the year ended November 30, 2007, the Company purchased (at cost) securities in the amount of \$116,235,335 and sold securities (at proceeds) in the amount of \$640,656 (excluding short-term debt securities).

On July 17, 2008, LONESTAR Midstream Partners LP (LONESTAR) closed a transaction with Penn Virginia Resource Partners, L.P. (NYSE: PVR) for the sale of its gas gathering and transportation assets. LONESTAR distributed substantially all of the initial sales proceeds to its limited partners but did not redeem partnership interests. On July 24, 2008, the Company received a distribution of \$10,476,511 in cash, 468,001 newly issued unregistered common units of PVR, and 59,503 unregistered common units of Penn Virginia GP Holdings, L.P. (NYSE: PVG). On July 24, 2008, the Company recorded the cash and the unregistered PVR and PVG common units it received at a cost basis equal to the fair value on the date of receipt, less a discount for illiquidity. The Company reduced its basis in LONESTAR by \$20,427,674, approximately 82 percent of the respective relative value of the entire transaction, resulting in a realized gain of \$1,104,244. The Company also reduced its basis in LSMP GP, LP by \$403,488, approximately 71 percent of the respective relative value of the entire transaction, resulting in a realized gain of \$1,007,962.

On February 3, 2009, the Company received a distribution of 37,305 freely tradable common units of PVR and 4,743 freely tradable common units of PVG. The Company recorded the PVR and PVG common units it received at a cost basis equal to the fair value on the date of receipt. The Company reduced its basis in LONESTAR by \$746,180, approximately 3 percent of the respective relative value of the entire transaction, resulting in a realized loss of \$184,201. The Company also reduced its basis in LSMP GP, LP by \$14,996, approximately 3 percent of the respective relative value of the entire transaction, resulting in a realized gain of \$11,057.

On July 17, 2009, the Company received a distribution of 37,304 freely tradable common units of PVR and 4,744 freely tradable common units of PVG. The Company recorded the PVR and PVG common units it received at a cost basis equal to the fair value on the date of receipt. The Company reduced its basis in LONESTAR by \$746,180, approximately 3 percent of the respective relative value of the entire transaction, resulting in a realized loss of \$179,731. The Company also reduced its basis in LSMP GP, LP by \$14,996, approximately 3 percent of the respective relative value of the entire transaction, resulting in a realized gain of \$14,303.

The Company anticipates receiving a cash distribution from LONESTAR of approximately \$804,000 payable on December 31, 2009. There are also two future contingent payments due LONESTAR which are based on the achievement of specific revenue targets by or before June 30, 2013. No payments are due if these revenue targets are not achieved. If received, the Company's expected portion would total approximately \$9,638,829, payable in cash or common units of PVR (at PVR's election). The fair value of the LONESTAR and LSMP GP, LP units as of November 30, 2009 is based on unobservable inputs related to the potential receipt of these future payments relative to the sales transaction.

On October 1, 2008, Millennium sold its partnership interests to Eagle Rock Energy Partners, L.P. (EROC) for approximately \$181,000,000 in cash and approximately four million EROC unregistered common units. In exchange for its Millennium partnership interests, the Company received \$13,687,081 in cash and 373,224 EROC unregistered common units with an aggregate basis of \$5,044,980 for a total implied value at closing of approximately \$18,732,061. In addition, approximately 212,404 units with an aggregate cost basis of 2,920,555 were placed in escrow for 18 months from the date of the transaction. This includes a reserve the Company placed against the units held in the escrow for estimated post-closing adjustments. The Company originally invested \$17,500,000 in Millennium (including common units and incentive distribution rights), and had an adjusted cost basis at closing of \$15,161,125 (after reducing its basis for cash distributions received since investment that were treated as return of capital). At the transaction closing, the Company recorded a realized gain for book purposes of \$6,491,491, including a reserve the Company placed against the restricted cash and units held in the escrow for estimated post-closing adjustments. Subsequent to November 30, 2008, the Company increased the reserve against the units held in escrow for additional post-closing adjustments, resulting in a realized loss for the year ended November 30, 2009 of \$544,764. The Company also recorded an additional \$277,724 in realized loss related to the reclassification of investment income and return of capital recognized based on the 2008 tax reporting information received from Millennium (see Note 2D—Security Transactions and Investment Income for additional information). For purposes of the capital gain incentive fee, the realized gain totals approximately \$3,607,852, which excludes that portion of the fee that would be due as a result of cash distributions which were characterized as return of capital. Pursuant to the Investment Advisory Agreement, the capital gain incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due. No capital gain incentive fees have been paid to date.

10. Credit Facility

On April 25, 2007, the Company entered into a committed credit facility with U.S. Bank, N.A. as a lender, agent and lead arranger. On March 21, 2008, the Company secured an extension to its revolving credit facility and on March 28, 2008, amended the credit agreement to increase the total credit facility to \$50,000,000. The revolving credit facility had a variable annual interest rate equal to the one-month LIBOR plus 1.75 percent, a non-usage fee equal to an annual rate of 0.375 percent of the difference between the total credit facility commitment and the average outstanding balance at the end of each day for the preceding fiscal quarter. The credit facility contains a covenant precluding the Company from incurring additional debt.

On March 20, 2009, the Company entered into a 90-day extension of its amended credit facility. Terms of the extension provided for a secured revolving credit facility of up to \$25,000,000. Effective June 20, 2009, the Company entered into a 60-day extension of its amended credit facility. The terms of the extension provided for a secured revolving credit facility of up to \$11,700,000. The credit agreement, as extended, had a termination date of August 20, 2009. Terms of these extensions required the Company to apply 100 percent of the proceeds from any private investment liquidation and 50 percent of the proceeds from the sale of any publicly traded portfolio assets to the outstanding balance of the facility. In addition, each prepayment of principal of the loans under the amended credit facility would permanently reduce the maximum amount of the loans under the amended credit agreement to an amount equal to the outstanding principal balance of the loans under the amended credit agreement immediately following the prepayment. During these extensions, outstanding loan balances accrued interest at a variable rate equal to the greater of (i) one-month LIBOR plus 3.00 percent, and (ii) 5.50 percent.

On August 20, 2009, the Company entered into a six-month extension of its amended credit facility through February 20, 2010. Terms of the extension provide for a secured revolving facility of up to \$5,000,000. The amended credit facility requires the Company to apply 100 percent of the proceeds from the sale of any investment to the outstanding balance of the facility. In addition, each prepayment of principal of the loans under the amended credit facility will permanently reduce the maximum amount of the loans under the amended credit agreement to an amount equal to the outstanding principal balance of the loans under the amended credit agreement immediately following the prepayment. During this extension, outstanding loan balances generally will accrue interest at a variable rate equal to the greater of (i) one-month LIBOR plus 3.00 percent, and (ii) 5.50 percent.

Under the terms of the amended credit facility, the Company must maintain asset coverage required under the 1940 Act. If the Company fails to maintain the required coverage, it may be required to repay a portion of an outstanding balance until the coverage requirement has been met. As of November 30, 2009, the Company was in compliance with the terms of the amended credit facility.

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For the year ended November 30, 2009, the average principal balance and interest rate for the period during which the credit facility was utilized were \$14,430,411 and 4.56 percent, respectively. As of November 30, 2009, the principal balance outstanding was \$4,600,000 at a rate of 5.50 percent.

11. Preferred Stock

On December 22, 2006, the Company issued 466,666 shares of Series A Redeemable Preferred Stock and 70,000 warrants to purchase common stock at \$15.00 per share. On December 26, 2006, the Company issued an additional 766,667 shares of Series A Redeemable Preferred Stock and 115,000 warrants at \$15.00 per share. Holders of Series A Redeemable Preferred Stock received cash distributions (as declared by the Board of Directors and from funds legally available for distribution) at the annual rate of 10 percent of the original issue price. On February 7, 2007, the Company redeemed all of the preferred stock at \$15.00 per share plus a 2 percent redemption premium, for a total redemption price of \$18,870,000. After attributing \$283,050 in value to the warrants, the redemption premium of \$370,000 and \$78,663 in issuance costs, the Company recognized a loss on redemption of the preferred stock of \$731,713. In addition, distributions in the amount of \$228,750 were paid to the preferred stockholders.

12. Common Stock

The Company has 100,000,000 shares authorized and 9,078,090 shares outstanding at November 30, 2009.

Shares at November 30, 2006	3,088,596
Shares sold through initial public offering	5,740,000
Shares issued through reinvestment of distributions	18,222
Shares issued upon exercise of warrants	11,350
Shares at November 30, 2007	8,858,168
Shares issued through reinvestment of distributions	103,799
Shares issued upon exercise of warrants	180
Shares at November 30, 2008	8,962,147
Shares issued through reinvestment of distributions	115,943
Shares at November 30, 2009	9,078,090

13. Warrants

At November 30, 2009, the Company had 945,594 warrants issued and outstanding. The warrants became exercisable on February 7, 2007 (the closing date of the Company's initial public offering of common shares), subject to a lock-up period with respect to the underlying common shares. Each warrant entitles the holder to purchase one common share at the exercise price of \$15.00 per common share. Warrants were issued as separate instruments from the common shares and are permitted to be transferred independently from the common shares. The warrants have no voting rights and the common shares underlying the unexercised warrants will have no voting rights until such common shares are received upon exercise of the warrants. All warrants will expire on February 6, 2013.

Warrants outstanding at November 30, 2006	772,124
Warrants issued in December 2006	185,000
Warrants exercised	(11,350)
Warrants outstanding at November 30, 2007	945,774
Warrants exercised	(180)
Warrants outstanding at November 30, 2009 and November 30, 2008	945,594

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	\$ 10,994	\$ (24,370,233)	\$ 5,143,976
Basic weighted average shares	8,997,145	8,887,085	7,751,591
Average warrants outstanding(1)			

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Diluted weighted average shares	8,997,145	8,887,085	7,751,591
Basic and diluted net increase (decrease) in net assets applicable to common stockholders resulting from operations per common share	\$ 0.00(2)	\$ (2.74)	\$ 0.66

- (1) Warrants to purchase shares of common stock at \$15.00 per share were outstanding during the years ended November 30, 2009, 2008 and 2007, but were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market value of the common shares, and therefore, the effect would be anti-dilutive.
- (2) Less than \$0.01 per share.

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15. Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data:

	February 29, 2008	May 31, 2008	August 31, 2008	November 30, 2008	February 28, 2009	May 31, 2009	August 31, 2009	November 30, 2009
Investment income	\$ 1,105,680	\$ 746,130	\$ 446,736	\$ 645,407	\$ 1,083,846	\$ (765,793)	\$ 777,486	\$ 708,992
Base management fees	585,253	589,996	604,930	533,552	392,769	338,186	321,578	299,060
Capital gain incentive fees(1)	(279,665)	1,367,168	(340,369)	(1,054,745)	—	—	—	—
All other expenses	748,185	698,109	649,027	593,229	388,698	492,855	401,588	256,345
Expense reimbursement by Adviser	(91,647)	(104,228)	(100,821)	(88,926)	(65,461)	(56,365)	(53,596)	(49,844)
Net expenses	\$ 962,126	\$ 2,551,045	\$ 812,767	\$ (16,890)	\$ 716,006	\$ 774,676	\$ 669,570	\$ 505,561
Current and deferred tax benefit (expense), net	1,255,578	(3,663,237)	218,497	12,055,828	3,594,121	(4,034,512)	(175,449)	361,484
Net realized gain (loss) on investments before income taxes	—	—	2,224,706	6,491,491	(499,818)	(7,335,157)	(10,756,469)	(4,529,304)
Unrealized gain (loss) on investments before income taxes	(3,447,707)	11,445,014	(2,433,668)	(47,144,759)	(12,934,058)	16,382,855	10,726,495	10,072,088
Increase (decrease) in net assets resulting from operations	\$ (2,048,575)	\$ 5,976,862	\$ (356,496)	\$ (27,942,024)	\$ (9,471,915)	\$ 3,472,717	\$ (97,507)	\$ 6,107,699
Basic per share increase (decrease) in net assets resulting from operations	\$ (0.23)	\$ 0.67	\$ (0.04)	\$ (3.14)	\$ (1.06)	\$ 0.39	\$ (0.01)	\$ 0.68

(1) Includes amounts accrued as a provision for capital gain incentive fees payable to the Adviser, net of amounts waived under the Expense Reimbursement and Partial Fee Waiver Agreement. The provision for capital gain incentive fees results from the increase or decrease in fair value and realized gains or losses on investments. Pursuant to the Investment Advisory Agreement, the capital gain incentive fee is paid annually only if there are realization events and only if the calculation defined in the agreement results in an amount due.

16. Subsequent Events

The Company has performed an evaluation of subsequent events through February 16, 2010, which is the date the financial statements were issued.

On February 9, 2010, Mowood, LLC closed the sale of its wholly owned subsidiary, Timberline Energy, LLC, to Landfill Energy Systems, LLC. In connection with the transaction, the Company entered into a guarantee agreement with the purchaser to unconditionally guarantee the sellers performance under the sale agreement, including certain related seller obligations in the Purchase Agreement. The Company received a partial distribution of proceeds in the amount of \$3.8 million, which was used to fully payoff its credit facility on February 10, 2010, and expects to receive an additional \$5.2 million from the initial proceeds. Over the next two years, the Company could receive additional proceeds of up to \$2.4 million, based on contingent and escrow terms.

On December 31, 2009, the Company received its expected cash distribution from LONESTAR of approximately \$804,000.

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COMPANY OFFICERS AND DIRECTORS (Unaudited)

November 30, 2009

Name and Age* Independent Directors	Position(s) Held With Company, Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director(1)	Other Board Positions Held by Director
Conrad S. Ciccotello, (Born 1960)	Director since 2005	Tenured Associate Professor of Risk Management and Insurance, Robinson College of Business, Georgia State University (faculty member since 1999); Director of Graduate Personal Financial Planning Programs; formerly, Editor, "Financial Services Review," (2001-2007) (an academic journal dedicated to the study of individual financial management); formerly, faculty member, Pennsylvania State University (1997-1999). Published several academic and professional journal articles about energy infrastructure and oil and gas MLPs.	6	None
John R. Graham, (Born 1945)	Director since 2005	Executive-in-Residence and Professor of Finance (Part-time), College of Business Administration, Kansas State University (has served as a professor or adjunct professor since 1970); Chairman of the Board, President and CEO, Graham Capital Management, Inc. (primarily a real estate development, investment and venture capital company) and Owner of Graham Ventures (a business services and venture capital firm); Part-time Vice President Investments, FB Capital Management, Inc. (a registered investment adviser), since 2007. Formerly, CEO, Kansas Farm Bureau Financial Services, including seven affiliated insurance or financial service companies (1979-2000).	6	Kansas State Bank
Charles E. Heath, (Born 1942)	Director since 2005	Retired in 1999. Formerly, Chief Investment Officer, GE Capital's Employers Reinsurance Corporation (1989-1999); Chartered Financial Analyst ("CFA") designation since 1974.	6	None

(1) This number includes Tortoise North American Energy Corporation ("TYN"), Tortoise Energy Infrastructure Corporation ("TYG"), Tortoise Energy Capital Corporation ("TYY"), Tortoise Power and Energy Infrastructure Fund, Inc. ("TPZ"), one private investment company and the Company. Our Adviser also serves as the investment adviser to TYN, TYG, TYY, TPZ and the private investment company.

* The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.

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COMPANY OFFICERS AND DIRECTORS (Unaudited)

November 30, 2009 (Continued)

Name and Age* Interested Directors and Officers(2)	Position(s) Held With Company, Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director(1)	Other Board Positions Held by Director
H. Kevin Birzer (Born 1959)	Director and Chairman of the Board since 2005	Managing Director of our Adviser since 2002; Partner, Fountain Capital Management (1990-2009); Vice President, Corporate Finance Department, Drexel Burnham Lambert (1986-1989); formerly, Vice President, F. Martin Koenig & Co., an investment management firm (1983-1986); Director and Chairman of the Board of each of TYN, TYG, TYY, TPZ and the private investment company since its inception; CFA designation since 1988.	6	None
Terry Matlack (Born 1956)	Chief Financial Officer since 2005; Director from 2005 to September 2009; Assistant Treasurer from 2005 to April 2008	Managing Director of our Adviser since 2002; Full-time Managing Director, Kansas City Equity Partners, L.C. ("KCEP") (2001-2002); formerly, President, GreenStreet Capital, a private investment firm (1998-2001); Chief Financial Officer of each of TYG, TYY, TYN, TPZ and the private investment company since its inception. Director of each of TYG, TYY, TYN, TPZ and the private investment company from its inception to September 2009. CFA designation since 1985.	N/A	None
David J. Schulte (Born 1961)	Chief Executive Officer since 2005; President 2005-April 2007	Managing Director of our Adviser since 2002; Full-time Managing Director, KCEP (1993-2002); President and Chief Executive Officer of TYG since 2003, TYY since 2005 and of TPZ since 2007; Chief Executive Officer of TYN since 2005 and President of TYN from 2005 to September 2008; President of the private investment company since 2007 and Chief Executive Officer from 2007 to December 2008; CFA designation since 1992.	N/A	None
Zachary A. Hamel (Born 1965)	Senior Vice President since 2005; Secretary from 2005 to April 2007	Managing Director of our Adviser since 2002; Partner, Fountain Capital Management (1997-present); Senior Vice President of TYY since 2005 and of TYG, TYN, TPZ and the private investment company since 2007; Secretary of each of the Company, TYY, TYN and TYG from their inception to April 2007; CFA designation since 1998.	N/A	None
Kenneth P. Malvey (Born 1965)	Senior Vice President and Treasurer since 2005	Managing Director of our Adviser since 2002; Partner, Fountain Capital Management (2002-present); formerly Investment Risk Manager and member of Global Office of Investments, GE Capital's Employers Reinsurance Corporation (1996-2002); Treasurer of TYG, TYY and TYN since November 2005 and of TPZ and the private investment company since 2007; Senior Vice President of TYY since 2005, and of TYG, TYN, TPZ and the private investment company since 2007; Assistant Treasurer of TYG, TYY and TYN from their inception to November 2005; Chief Executive Officer of the private investment company since December 2008; CFA designation since 1996.	N/A	None
	President since April 2007		N/A	None

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Edward Russell
(Born 1964)

Senior Investment Professional of the Adviser since 2006; formerly with Stifel, Nicolaus & Company, Incorporated, heading the Energy and Power group as a Managing Director (2003-2006) responsible for all of the energy and power transactions, including all of the debt and equity transactions for the three closed-end publicly traded funds managed by the Adviser starting with the first public equity offering in February of 2004 and serving as Vice President-Investment Banking (1999-2003)

- (1) This number includes TYN, TYG, TYY, TPZ, one private investment company and the Company. Our Adviser also serves as the investment adviser to TYN, TYG, TYY, TPZ and the private investment company.
- (2) As a result of their respective positions held with the Adviser or its affiliates, these individuals are considered “interested persons” within the meaning of the 1940 Act.
- * The address of each director and officer is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.

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ADDITIONAL INFORMATION (Unaudited)

Director and Officer Compensation

The Company does not compensate any of its directors who are interested persons or any of its officers. For the year ended November 30, 2009, the aggregate compensation paid by the Company to the independent directors was \$93,000. The Company did not pay any special compensation to any of its directors or officers.

Forward-Looking Statements

This report contains “forward-looking statements”. By their nature, all forward-looking statements involve risk and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements.

Certifications

The Company’s Chief Executive Officer submitted to the New York Stock Exchange in 2009 the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

The Company has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Proxy Voting Policies

A description of the policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities owned by the Company is available to stockholders (i) without charge, upon request by calling the Company at (913) 981-1020 or toll-free at (866) 362-9331 and on the Company’s Web site at www.tortoiseadvisors.com/tto.cfm; and (ii) on the SEC’s Web site at www.sec.gov.

Privacy Policy

The Company is committed to maintaining the privacy of its stockholders and safeguarding their non-public personal information. The following information is provided to help you understand what personal information the Company collects, how the Company protects that information and why, in certain cases, the Company may share information with select other parties.

Generally, the Company does not receive any non-public personal information relating to its stockholders, although certain non-public personal information of its stockholders may become available to the Company. The Company does not disclose any non-public personal information about its stockholders or a former stockholder to anyone, except as required by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent).

The Company restricts access to non-public personal information about its stockholders to employees of its Adviser with a legitimate business need for the information. The Company maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its stockholders.

Automatic Dividend Reinvestment Plan

If a stockholder’s shares of common stock (“common shares”) of the Company are registered directly with the Company or with a brokerage firm that participates in the Automatic Dividend Reinvestment Plan (the “Plan”) through the facilities of the Depository Trust Company and such stockholder’s account is coded dividend reinvestment by such brokerage firm, all distributions are automatically reinvested for stockholders by the Plan Agent, Computershare Trust Company, Inc. (the “Agent”) in additional common shares (unless a stockholder is ineligible or elects otherwise).

The Company will use primarily newly-issued shares of the Company’s common stock to implement the Plan, whether its shares are trading at a premium or discount to net asset value (“NAV”). However, the Company reserves the right to instruct the Agent to purchase shares in the open market in connection with the Company’s obligations under the Plan. The number of newly issued shares will be determined by dividing the total dollar amount of the distribution payable to the participant by the closing price per share of the Company’s common stock on the distribution payment date, or the average of the reported bid and asked prices if no sale is reported for that day. If distributions are reinvested in shares purchased on the open market, then the number of shares received by a stockholder shall be determined by dividing the total dollar amount of the distribution payable to such stockholder by the weighted average price per share (including brokerage commissions and other related costs)

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for all shares purchased by the Agent on the open-market in connection with such distribution. Such open-market purchases will be made by the Agent as soon as practicable, but in no event more than 30 days after the distribution payment date.

There will be no brokerage charges with respect to shares issued directly by us as a result of distributions payable either in shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with the reinvestment of distributions. If a participant elects to have the Plan Agent sell part or all of his or her common shares and remit the proceeds, such participant will be charged his or her pro rata share of brokerage commissions on the shares sold plus a \$15.00 transaction fee. The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions.

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Participation in the Plan is completely voluntary and may be terminated at any time without penalty by giving notice in writing to the Agent at the address set forth below, or by contacting the Agent as set forth below; such termination will be effective with respect to a particular distribution if notice is received prior to the record date for such distribution.

Additional information about the Plan may be obtained by writing to Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940-3078, by contacting them by phone at (888) 728-8784, or by visiting their Web site at www.computershare.com.

Board Approval of the Investment Advisory Agreement

On June 2, 2009, the Board of Directors approved a new Investment Advisory Agreement (the “New Investment Advisory Agreement”) with the Adviser in connection with the proposed transaction (the “Proposed Transaction”) with Mariner Holdings, LLC (“Mariner”), which upon closing resulted in a change in control of the Adviser. Prior to the Board of Directors’ approval of the New Investment Advisory Agreement, the independent directors of the Company (“Independent Directors”), with the assistance of counsel independent of the Adviser (hereinafter “independent legal counsel”), requested and evaluated extensive materials about the Proposed Transaction and Mariner from the Adviser and Mariner, which also included information from independent, third-party sources, regarding the factors considered in their evaluation.

The Independent Directors first learned of the potential Proposed Transaction in January 2009. Prior to conducting due diligence of the Proposed Transaction and of Mariner, each Independent Director had a personal meeting with key officials of Mariner. In February 2009, the Independent Directors consulted with independent legal counsel regarding the role of the Independent Directors in the Proposed Transaction. Also in February 2009, the Independent Directors, in conjunction with independent legal counsel, prepared and submitted their own due diligence request list to Mariner, so that the Independent Directors could better understand the effect the change of control would have on the Adviser. In March 2009, the Independent Directors, in conjunction with independent legal counsel, reviewed the written materials provided by Mariner. In April and May 2009, the Independent Directors asked for supplemental written due diligence information and were given such follow-up information about Mariner and the Proposed Transaction.

In May 2009, the Independent Directors interviewed key Mariner personnel and asked follow-up questions after having completed a review of all documents provided in response to formal due diligence requests. In particular, the follow-up questions focused on (i) the expected continuity of management and employees at the Adviser, (ii) compliance and regulatory experience of the Adviser, (iii) plans to maintain the Adviser’s compliance and regulatory personnel and (iv) benefit and incentive plans used to maintain the Adviser’s current personnel. On May 22, 2009, the Independent Directors and Mariner officials jointly attended the annual meetings of the Companies and at such time met to discuss the Proposed Transaction. The Independent Directors also met face-to-face with the Mariner officials in May in the interest of better getting to know key personnel at Mariner. The Independent Directors also discussed the Proposed Transaction and the findings of the Mariner diligence investigation with independent legal counsel in private sessions.

In approving the New Investment Advisory Agreement, the Independent Directors of the Company requested and received extensive data and information from the Adviser concerning the Company and the services provided to it by the Adviser under the current investment advisory agreement. In addition, the Independent Directors had approved the continuance of the current investment advisory agreement, the terms of which are substantially identical to those of the New Investment Advisory Agreement, in November 2008. The extensive data and information reviewed, in conjunction with the results of the diligence investigation of the Proposed Transaction and Mariner, form the basis of the conclusions reached below.

Factors Considered

The Independent Directors considered and evaluated all the information provided by the Adviser. The Independent Directors did not identify any single factor as being all-important or controlling, and each Director may have attributed different levels of importance to different factors. In deciding to approve the New Investment Advisory Agreement, the Independent Directors’ decision was based on the following factors and what, if any, impact the Proposed Transaction would have on such factors.

Nature, Extent and Quality of Services Provided. The Independent Directors considered information regarding the history, qualification and background of the Adviser and the individuals responsible for the Adviser’s investment program, the adequacy of the number of the Adviser personnel and other Adviser resources and plans for growth, use of affiliates of the Adviser, and the particular expertise with respect to energy infrastructure companies, MLP markets and financing (including private financing). The Independent Directors concluded that the unique nature of the Company and the specialized expertise of the Adviser in the niche market of MLPs made it uniquely qualified to serve as the adviser. Further, the Independent Directors recognized that the Adviser’s commitment to a long-term investment horizon correlated well to the investment strategy of the Company.

Investment Performance of the Company and the Adviser, Costs of the Services To Be Provided and Profits To Be Realized by the Adviser and its Affiliates from the Relationship, and Fee Comparisons. The Independent Directors reviewed and evaluated information regarding the Company's performance (including quarterly, last twelve months, and from inception included in information provided in connection with their November 2008 approval, as well as supplemental information covering the period from November 30, 2008 through April 30, 2009 and since inception) and the performance of the other Adviser accounts (including other investment companies), and information regarding the nature of the markets during the performance period, with a particular focus on the MLP sector. The Independent Directors also considered the Company's performance as compared to comparable closed-end funds for the relevant periods.

The Adviser provided detailed information concerning its cost of providing services to the Company, its profitability in managing the Company, its overall profitability, and its financial condition. The Independent Directors reviewed with the Adviser the methodology used to prepare this financial information. This financial information regarding the Adviser is considered in order to evaluate the Adviser's financial condition, its ability to continue to provide services under the New Investment Advisory Agreement, and the reasonableness of the current management fee, and was, to the extent possible, evaluated in comparison to other closed-end funds with similar investment objectives and strategies.

The Independent Directors considered and evaluated information regarding fees charged to, and services provided to, other investment companies advised by the Adviser (including the impact of any fee waiver or reimbursement arrangements and any expense reimbursement arrangements), fees charged to separate institutional accounts by the Adviser, and comparisons of fees of closed-end funds with similar investment objectives and strategies, including other MLP investment companies, to the Company. The Independent Directors concluded that the fees and expenses that the Company will pay under the New Investment Advisory Agreement are reasonable given the quality of services to be provided under the New Investment Advisory Agreement and that such fees and expenses are comparable to, and in many cases lower than, the fees charged by advisers to comparable funds.

Economies of Scale. The Independent Directors considered information from the Adviser concerning whether economies of scale would be realized as the Company grows, and whether fee levels reflect any economies of scale for the benefit of the Company's stockholders. The Independent Directors concluded that economies of scale are difficult to measure and predict overall. Accordingly, the Independent Directors reviewed other information, such as year-over-year profitability of the Adviser generally, the profitability of its management of the Company specifically, and the fees of competitive funds not managed by the Adviser over a range of asset sizes. The Independent Directors concluded the Adviser is appropriately sharing any economies of scale through its competitive fee structure and through reinvestment in its business to provide stockholders additional content and services.

Collateral Benefits Derived by the Adviser. The Independent Directors reviewed information from the Adviser concerning collateral benefits it receives as a result of its relationship with the Company. They concluded that the Adviser generally does not use the Company's or stockholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them.

The Independent Directors did not, with respect to their deliberations concerning their approval of the New Investment Advisory Agreement, consider the benefits the Adviser may derive from relationships the Adviser may have with brokers through soft dollar arrangements because the Adviser does not employ any such arrangements in rendering its advisory services to the Company. Although the Adviser may receive research from brokers with whom it places trades on behalf of clients, the Adviser does not have soft dollar arrangements or understandings with such brokers regarding receipt of research in return for commissions.

Conclusions of the Independent Directors

As a result of this process, the Independent Directors, assisted by the advice of legal counsel that is independent of the Adviser, taking into account all of the factors discussed above and the information provided by the Adviser, unanimously concluded that the New Investment Advisory Agreement between the Company and the Adviser is fair and reasonable in light of the services provided and should be approved.

Board Approval of the Administration Agreement

The administration agreement was originally approved by the Company's Board of Directors on November 13, 2006. The administration agreement provides that unless terminated earlier the agreement will continue in effect until December 31, 2007, and from year-to-year thereafter provided such continuance is approved at least annually by (i) the Company's Board of Directors and (ii) a majority of the Company's directors who are not parties to the administration agreement or "interested persons" (as defined in the Investment Company Act of 1940) of any such party. The Company's Board of Directors, including all of the independent Directors, most recently reviewed and approved the continuation of the administration agreement on November 9, 2009.

Board Approval of the Sub-Advisory Agreement

Our Board of Directors, including a majority of the independent Directors, most recently reviewed and approved the renewal of the sub-advisory agreement on June 2, 2009.

In considering the renewal of the sub-advisory agreement, our Board of Directors evaluated information provided by the Adviser and legal counsel and considered various factors, including:

Services. The Board of Directors reviewed the nature, extent and quality of the investment advisory services proposed to be provided to the Adviser by Kenmont and found them to be consistent with the services provided by the Adviser.

Experience of Management Team and Personnel. The Board of Directors considered the extensive experience of Kenmont with respect to the specific types of investment proposed and concluded that Kenmont would provide valuable assistance to the Adviser in providing potential investment opportunities.

Provisions of Sub-Advisory Agreement. The Board of Directors considered the extent to which the provisions of the sub-advisory agreement could potentially expose the Company to liability and concluded that its terms adequately protected the Company from such risk.

Conclusions of the Independent Directors

As a result of this process, the independent Directors, assisted by the advice of legal counsel that is independent of the Adviser, taking into account all of the factors discussed above and the information provided by the Adviser, unanimously concluded that the Sub-Advisory Agreement between the Company and Kenmont is fair and reasonable in light of the services provided and should be renewed.

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Tortoise Capital Resources Corporation

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TORTOISE CAPITAL RESOURCES
CORPORATION
(Registrant)

By: /s/David J. Schulte
David J. Schulte
Chief Executive Officer

February 16, 2010

POWER OF ATTORNEY

Know all people by these presents, that each person whose signature appears below constitutes and appoints David J. Schulte and Terry C. Matlack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby confirming all that said attorneys-in-fact and agents or either of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the company and in the capacities indicated on February 16, 2010.

Signature	Capacity
/s/Terry C. Matlack	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/David J. Schulte	Chief Executive Officer (Principal Executive Officer)
/s/Conrad S. Ciccotello	Director
/s/John R. Graham	Director
/s/Charles E. Heath	Director
/s/H. Kevin Birzer	Director
